Daily Report

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FBIS-LAT-91-131 *9 July 1991*

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Cuba

Special Program on TV Marti Infiltration

FL0807150391 Havana Cubavision Television in Spanish 0100 GMT 3 Jul 91

[Text of special program "Interferencia Orion" with alleged Cuban security agent Jose Rafael Fernandez Brenes and three unidentified interviewers in the studio]

[Text] [Narrator] 12 June 1991. Jose Rafael Fernandez Brenes, Cuban citizen, 52 years old, returns to Havana from the United States. [video shows airplane]

[Fernandez Brenes] I left Cuba in May 1988. I was the director, producer, writer, and editor of all the programs that TV Marti beamed to Cuba.

[Narrator] Contract No. IA-2104C1243995. This was a contract between the U.S. Information Agency and Jose R. Fernandez Brenes. He worked as a scriptwriter and producer of programs for the Cuban television since 1964. He studied performing arts, theater, and drama. He was a drama professor. In 1988, he defected during a trip abroad.

[Fernandez Brenes] I wrote the copy broadcast to Cuba announcing the beginning of the launching of the project. It said something like: Attention Cuba, attention Cuba, this is TV Marti in its test broadcast.

[Announcer] Special message for all Cubans. We want to announce that at this time is on the air TV....[Video shows the TV Marti logo, then the signal is jammed. Caption reads: "Jamming Orion"]

[First interviewer] Brenes, how did you join TV Marti?

[Fernandez Brenes] Well, let me tell you from the top as we say in television. I first was in New York City taking care of some matters. As soon as possible, I went to Washington, D.C. to establish the first contacts that would allow me to join TV Marti in the future. I later returned to New York City and then went to Miami to work there and wait for the results of my contacts in Washington. While I was working in Miami as psychology and drama instructor at the Miami Dade Community College, Mr. Ramon Mestre gave me a call. At the time, he was the director of Radio Marti's Research Office. He wanted to interview me.

[Narrator] Ramon Mestre Roberts. Son of a former counterrevolutionary prisoner linked to a drug trafficker. He studied at Georgetown University where he was recruited for the CIA by Agent Frank Calzon. Delegate in Spain to the Abdala terrorist organization. He is the godson-in-law of Carlos Alberto Montaner. He worked as chief of Radio Marti's Research Department. He was fired from the station because of differences with [Jorge] Mas Canosa. He is currently placed by the CIA at the editorial board of the newspaper THE MIAMI HERALD.

[Fernandez Brenes] I agreed. The interviews took place in Miami. Joining Mr. Ramon Mestre was an American man who was a passive listener during the interview. The last interview lasted approximately one hour. I was asked permission to tape the interview. I assume that the rest of the interviews were secretly taped. The interviews were nothing other than a fairly inquisitive interrogation about myself. I realized that it was part of a pretty in-depth investigation that had been made about me. Later, Mr. Mestre returned to Washington and I returned to my regular job.

After some time, Mr. Mestre called me again. He told me he no longer was working at Radio Marti as research [previous word in English] director but that he was working at EL NUEVO HERALD, one of the most important newspapers written in Spanish... [corrects himself] not one of the most important but the most important Spanish-language newspaper in Florida. He was working as copywriter and columnist, and was also a member of the newspaper's editorial board.

He told me he had to meet with me again. We made an appointment and saw each other. I remember that the meeting took place at the Versailles Restaurant in Miami. At the time, Mestre asked me if I wanted to work on the future TV Marti project. I said yes, that I was interested. He then identified himself as an officer of the U.S. Central Intelligence Agency. He told me that the agency was interested in me so I could conduct intelligence work through Mr. Mestre. I told him I was an actor and writer, a TV person, and that I knew nothing about that type of work. I asked him what it was going to entail. He told me not to worry, that my work would consist of carrying out in TV Marti the tasks for which I was trained such as directing, producing, and writing programs and the like but, at the same time, I would use this job to provide information to the CIA, information it needed.

I truly was somewhat surprised because I did not know that the CIA also spied on mechanisms inside the U.S. State Department. He told me I could immediately accept or think about it for a couple of days before I gave him the response. He told me that if I agreed, the Agency would make sure that I was given a $37,000 a year contract. This salary averages some $3,200 a month.

[Narrator, over video of contract document] To whom it may concern: This is to certify that Jose R. Fernandez Brenes is a contract employee of the U.S. Information Agency, USIA, and that he is currently making $36,400 a year.

[Fernandez Brenes] I waited the two days. I did not respond immediately. I waited two days. After the two days, I called him over the phone and told him that I accepted. He was very happy and said it was all right, to wait for word from Washington. Some days went by, perhaps one or two weeks. The call was made. Mr. Alberto Roldan, director of the future TV Marti project,

called and asked me to immediately go to Washington to begin preparing the project and the broadcasts.

[First interviewer] Which of your traits do you believe got you approved, accepted, or hired for the TV Marti project?

[Fernandez Brenes] Well, basically I am a very experienced man in television work. I have over 25 years of experience in the media.

[First interviewer] You worked on that in Cuba?

[Fernandez Brenes] Yes, for over 25 years.

[First interviewer] Do you think this is the reason?

[Fernandez Brenes] One of them.

[Second interviewer] Well, Brenes, I believe that in order to join the anti-Cuban television you would need a guarantee, to have some support. How can you get there?

[Narrator, over video of asylum request form] Fernandez Brenes' asylum request. In 1973, he was interrogated by State Security. As a writer, I was regularly interrogated by State Security because of my political points of view. I refused to participate in communist activities. As a drama writer and son of a well-known Cuban actress, I was persecuted for not complying with or participating in communist activities.

[Third interviewer] What specific duties did you have at the anti-Cuban television?

[Fernandez Brenes] Well, mainly programming officer and reviewer. I was in charge of reviewing all the material that was going to be broadcast and had to write the copy that was going to be used.

[Narrator, over video of job description document] To Dennis Sekol from Alberto Roldan: Mr. Jose Fernandez Brenes has joined our team as producer and associate writer. We plan to have him with us during part of our test period. He has been selected for this position because of his experience in the field of television in Cuba and his knowlege of the Cuban market inasmuch as he left Cuba only a year ago. Mr. Brenes is expected to do the following work:

a. Review each material transmitted by TV Marti except news.
b. Help us write and promote other material in Spanish.
c. Assist us in the development of new ideas for our programming.

[Fernandez Brenes] I had to review everything that was going to go on the air. I had to check it, assess it, and report on the material.

[First interviewer] Could you give examples of programs and things that you rejected, that you were against airing because, for example they could affect the image of the United States?

[Fernandez Brenes] Yes, in this case it in fact was a censorship work. I had to make sure that, aside from the fact that what we broadcast had a professional quality, it responded to the interests of TV Marti. I am going to give you some examples. At one time I came across an excellent program produced by one of the U.S. television program production companies. It was an excellent program. Its subject was the difficulties a black family faces when it attempts to move to a white neighborhood. It showed the rejection it experienced and the terrible situation a black family is involved in when it attempts to move to a white neighborhood. When I assessed this program I reported that it was a very well-made program but that it included this problem and that we should not broadcast this type of program to Cuba because it would present an image we were not interested in giving at the time. The program was not transmitted.

Another example I could give you is another program that was also very well produced by a U.S. television program production company. It dealt with the subject of a youth of Hispanic origin who was returning from the U.S. Army. He was returning as a hero. He was a good fellow with ideas of having a successful future, of studying, of being a useful person to his society and the like. But, he lives in a marginal neighborhood. When he arrives he gets involved in the conflicts of the neighborhood such as violence, drugs, crime, and so on. He cannot escape this situation and finally he is involved in a criminal incident. I recommended that although this program was very well done and had good acting, it condemned the problems the U.S. society had and that we should not transmit it to Cuba.

[First interviewer] How did your bosses evaluate this?

[Fernandez Brenes] In a positive way. They accepted my suggestions on this.

[Narrator, over video of letter] Letter from Alberto Roldan, chief of programming of the anti-Cuban television, to Jose Fernandez Brenes. I am very happy to work with you. It is an honor for me to share my work with a professional of so much talent, dignity, courage, and artistic and human integrity such as you. I hope that from now on we have many occasions such as this one to celebrate together. Best wishes, Alberto Roldan.

[Third interviewer] What were your duties specifically for the CIA? What type of information were you suppose to provide the CIA?

[Fernandez Brenes] Well, after my work at TV Marti.... [changes thought] When TV Marti began to make their own programs, which we called special programs, programs made by TV Marti—not modified or edited but produced by TV Marti—I was the producer of those programs, I made those programs. I had to go to Miami on a regular basis to put the programs together, hire the staff, produce the programs in Miami, and broadcast them from Washington.

I took advantage of the situation of having to go to Miami to continue making my contacts with Mr. Mestre. In one of these contacts I told Mestre that the fact that U.S. intelligence was interested in people such as Antonio Navarro and Dr. Rolando Bonachea attracted my attention.

[Narrator] Antonio Navarro Perez Suazo was born in 1922. Prior to 1959, he worked for the sugar industry magnate Julio Lobo and for an American who owned the Ariguanabo textile plant. After 1959, he joins counter-revolutionary groups. He left the country in 1961 after the Bay of Pigs victory. He worked for the [words indistinct] Grace and Company. He was recruited by the CIA there using him in missions in Latin America. In 1987, he was fired and the CIA was also eliminated from its payroll because of loss of possibilities. He is left unemployed until his friend Jorge Mas Canosa places him as head of the subversive television project.

[Third interviewer] Were those people investigated?

[Fernandez Brenes] Those people were investigated. I remember that I asked Mr. Mestre for the reason because those people were officials appointed by the U.S. Government. I asked why the Agency had to watch them? Mr. Mestre then told me that the CIA had information that Mr. Antonio Navarro, director of the so-called Cuban [as heard] System of Broadcast to Cuba, that is, director of Radio and TV Marti, had held a number of meetings with Cuban officials. U.S. intelligence was aware of those meetings that had taken place in New York City. U.S. intelligence was aware of those meetings but did not know about their contents. It was concerned.

[Third interviewer] This is why he was bei... investigated?

[Fernandez Brenes] He wanted more information. Regarding Dr. Rolando Bonachea.... [changes thought] Dr. Rolando Bonachea was Mr. Navarro's deputy. That is, the second in command in the system.

[Narrator] Rolando Bonachea studied at the New Mexico University. He published left-wing books with the Cuban-American scholar Nelson Valdez. He had serious problems during this stage when it was proved that he graduated with a thesis he copied from Nelson Valdez. He has had several careers including being a professor. Without any experience in communications mass media, he was appointed director of the anti-Cuban radio in 1990 because of his unconditional support to Mas Canosa. He is accused in these circles of promoting his image and misappropriating U.S. Government funds.

[Fernandez Brenes] After Navarro, Dr. Rolando Bonachea is the director of Radio and TV Marti. You know what I mean?

[Third interviewer] He is his replacement?

[Fernandez Brenes] Yes, he is second in command. He is the deputy director. Let us call him the deputy director. Aside from this, the person who manages and directs Radio Marti is Dr. Rolando Bonachea. According to Ramon Mestre, the CIA has background information on Dr. Bonachea. For example, years ago Dr. Rolando Bonachea together with Nelson Valdez, who at present is a scholar at the Albuquerque University—he is Cuban—wrote some articles on Ernesto Che Guevara. These people's alleged left-wing past is of interest to the CIA. Therefore, they watch these people. The CIA needs to monitor the movements of these people. Mestre explained this to me to satisfy my curiosity about this. How is it possible that we are interested in knowing what these people are doing if these are supposedly very reliable people.

[First interviewer] Was that your role in the CIA in your relation with Ramon Mestre to provide information on the activities of this person?

[Fernandez Brenes] Basically on Mr. Antonio Navarro, director of TV and Radio Marti, and Dr. Rolando Bonachea, deputy director of the system, because of these reasons.

[First interviewer] That is your role for the CIA?

[Fernandez Brenes] Yes, among others.

[First interviewer] Brenes, what other task did Ramon Mestre assign you as a CIA agent?

[Fernandez Brenes] Well, [chuckles] well, I believe that an important task was to work with Montaner. He asked me to try to introduce Montaner in the programming in an intelligent way. I did this indeed. I beamed to Cuba programs that Montaner broadcast from Venezuela. It was important for the CIA that TV Marti began to promote Mr. Montaner in Cuba.

[Narrator, over file video of Montaner] Carlos Alberto Montaner was born in Havana in 1943. He was detained in 1960 for terrorist actions. He left Cuba in 1961. He first lived in Miami and then in Puerto Rico where he graduated as a journalist. He was recruited by the CIA when he was a student. He moved to Spain with CIA's money and instructions. He created the Playor publishing company and the Firmas organization as part of his work as an agent. Of fascist political tendencies, he has made numerous annexationist and racist statements. At present, he heads a project to unify the contrrevolutionary groups, an action directly handled by the CIA.

[Fernandez Brenes] Another thing that could be interesting to know is that on another occasion, Mr. Mestre told me that he was going to make the necessary contacts so that Mr. Frank Calzon.... [leaves sentence unfinished]

[Narrator, over video of Calzon's photograph] Frank Calzon studied at Georgetown University where he directed the Cuban Students Association. He had close links with Abdala and Omega 7 terrorist groups. He was recruited by the CIA to remain in Washington and recruit other students. He was given a position as translator at the State Department. The CIA used him in the

work of counterrevolutionary propaganda and ideological diversionism. He was named executive deputy director when the Cuban American National Foundation was created. Shortly after that, Mas Canosa fired him because of his negative professional characteristics. Now, he has been placed by the CIA at the Freedom House [preceding name in English] organization that conducts counterrevolutionary propaganda on human rights.

[Fernandez Brenes] He is one of the founding members of the Cuban American National Foundation but at this time is a mortal enemy of Mr. Mas Canosa and of the foundation. He was going to make the necessary arrangements for Frank Calzon—who is also a U.S. intelligence man—to contact me, join me in this task, and advise me on everything related to the Cuban American National Foundation.

[Second interviewer] What is the impact, what is the role played by the Cuban American National Foundation headed by right-wing Mas Canosa in the media, that is, in TV Marti and Radio Marti?

[Fernandez Brenes] Well, the role of the Cuban American National Foundation led by Mas Canosa is mainly aimed at manipulating these two media to its benefit.

[Narrator, over file video of Mas Canosa] Jorge Lincoln Mas Canosa was born in Santiago de Cuba. He is the son of a Batista army officer. He left the country at the beginning of the revolution. He joined the Bay of Pigs invasion. His vessel's crew did not land and was limited to circling the island. Recruited by the CIA, he worked as an announcer in Radio SWAM. He created a counterrevolutionary group that was dissolved when Mas Canosa stole the money. Implicated in the assassination of Jose Elias de la Torriente in 1970, accused of appropriating the money of the Torriente Plan together with Tomas Regalado. With that money, he joined a construction firm. Years later, he became its sole owner after his partner mysteriously appeared strangled. He is currently a subject of mockery for wanting to become president of Cuba and having been accused of swindling by his brother. He is president of the Cuban American National Foundation.

[Fernandez Brenes] For example, I remember that one time, during one of my working visits to Radio Marti, a member of the Radio Marti analysts team confessed to me in a very confidential way that she had attended a meeting with one of the Radio Marti leaders in which the analyst team was instructed to give special treatment to Mas Canosa. This treatment placed him over the political struggles and gave him a presidential image for Cuba's future. At the same time, it attempted to minimize the profile of Mr. Montaner who is Mas Canosa's main political enemy. That is, to minimize his profile without attacking him. This is one of the measures taken by the foundation in cohorts with the Radio and TV Marti management.

Another matter I consider interesting is, for example, in one of my work meetings with Mr. Antonio Navarro I remember that I expressed my concern over the success of the jamming [previous word in English], of the blocking of our signal. Mr. Navarro told me that the jamming was working, that it was something that was working.

I had told him that the fact that our signal was not working, it was not getting here, was ultimately going to damage us. That it may discourage the U.S. Government to continue with the transmissions. Mr. Navarro told me at the time that during a conversation he had held recently with Mr. Mas Canosa.... [changes thought] Mr. Navarro and Mr. Mas Canosa have regular personal contacts. After Mr. Betancourt's resignation those contacts have been less public, less open, but they continued. When he does not see Mr. Mas Canosa he then sees Miss Jacqueline Tillman who is his representative in Washington. Going back to the subject, Mr. Navarro explained to me that to counteract the jamming effect the idea had been contemplated of hiring a company—which among other things conducts polls—to interview people who arrived from Cuba to stay permanently and that the polls show that TV Marti was being seen in Cuba. Mr. Mas Canosa used Mr. Pepe Hernandez, one of the directors of the foundation, to do this work, to contact this company.

[Narrator, over photograph of a Cuban American Foundation meeting] Francisco Jose Hernandez Calvo. Prior to 1959, he worked at the Electric Company in Cuba. He left the country in 1960. He participated in armed infiltrations organized by the CIA. He landed in the Bay of Pigs as a mercenary. He was imprisoned for 20 months. Helped by his friend Mas Canosa, he becomes assistant vice president of the Republic National Bank of Miami [name of bank in English]. Recently, his businesses went bankrupt and is practically insolvent. As a member of the board of directors of the foundation he has been in charge of the dirty work Mas Canosa has assigned him. Currently, he is executive director of the foundation in Washington.

[Fernandez Brenes] Pepe Hernandez did this work with the company. The company conducted the poll and logically the poll was not going to show the desired results. The poll had to show approximately 30 percent [of viewership]—which could not be achieved. Then, considering all the favors and the businesses that had been done with it, it was requested that the results be forged and that it showed 28 percent. This represented approximately 3 million people watching TV Marti in Cuba. This poll was going to be published as a true fact. I remember that I told Mr. Navarro: Will the fact that this is not true, that the results were manipulated, that they were made up, will this not be leaked? Mr. Navarro told me that Mr. Mas Canosa said that all the measures had been taken so that this did not happen.

[Narrator] Statements made by Jorge Mas Canosa, president of the Cuban American National Foundation on 11 May 1990.

Most Cubans on the island are watching TV Marti. It is not true, as reported by THE MIAMI HERALD and the Cuban press that TV Marti is not seen. Very soon there will be reports that will be substantiated by studies conducted with scientific precision that millions of Cubans are watching TV Marti on the island.

[Third interviewer] There are public figures in the United States that oppose this project such as congressmen, specialists, and prominent journalists. How are these figures seen within TV Marti?

[Fernandez Brenes] Most of the staff is simply not aware, they do their work and go home. The people who deal with this, the Cuban managers within TV Marti, when referring to these people who oppose the project, including columnists, journalists, etc., attempt to minimize them, by simply expressing themselves in a derogative way. In the case of Anderson, for example, who is an important columnist, they accuse him of being mediocre, or a mediocre mercenary, and say that he is an individual who is not very important. There is also Mrs. Guiller, who is a columnist who has opposed the project. At one time she wrote an article reporting a sort of party that was hosted by the Cuban American National Foundation in which 150 former officers of the Batista dictatorship were invited. Mrs. Guiller was criticized by TV Marti managers. They say that she is a frustrated old lady in an attempt to diminish her importance.

In the case of Congressmen Dingell, for example, during one of my usual meetings with Mr. Navarro, director of Radio and TV Marti, he told me that he had recommended [corrects himself] suggested to Mr. Mas Canosa, president of the Cuban American National Foundation, the possibility of having him [Dingell] investigated through a private detective agency to see if this man had any kind of relations with Cuba, even if he was receiving money from the Havana government.

[Narrator] John D. Dingell, chairman of the Energy and Commerce Committee's Oversight and Investigation Subcommittee of the House of Representatives, doubting the results of the polls, which estimated that 28 percent of the Cuban population watched the subversive television, appointed the U.S. Government's International Affairs and National Security Department to investigate the matter. The study concluded:

[Over video of the document] The results of the poll are deficient because they are projected on the reception of TV Marti based on the incorrect application of generally recognized methodological techniques. Even more, the results of the poll broadly differ from the information provided by the U.S. Interests Section in Havana.

[Third interviewer] Brenes, speaking about your impressions of your work on that TV channel, when the project goes on the air, when Cuba effectively responds with its jamming, what effect do you think this had on the personnel of the anti-Cuban television station?

[Fernandez Bernes] Look, the staff working at TV Marti is mainly American. They never stopped working because they ultimately need their salary to fulfill their commitments, as it is natural. This simply ended up demoralizing the people. Work is done there as part of a routine but they know that it is a useless work, a work that is not fulfilling its mission.

[First interviewer] What relationship do the people who work at that television and radio station have with Marti's thinking or with Marti's ideas?

[Fernandez Bernes] None. I can tell you that there is no Cuban flag at TV Marti. There is not a single symbol representing Cuba such as our seal, pictures of Cuba, there is not even a map of Cuba. There is not a single picture of Jose Marti at TV Marti. The meetings of the personnel held to discuss internal matters, programming policies, etc., were presided over by the photograph of Mr. George Bush, President of the United States, and Mr. Dan Quayle, vice president of the United States.

[Third interviewer] What real contacts could those people have with what is happening in Cuba at this time? What are the feelings, what in-depth knowledge do they have to later work on a message on Cuba?

[Fernandez Brenes] They have none and if they have any it is a very superficial one. They do not. In addition, they are aware of that. They were expecting me to hold several workshops for the personnel in the future to bring them closer to Cuba's history and folklore, as well as the idiosyncracies of Cuban people and related things because they know absolutely nothing of this.

[Narrator] Memorandum for Oscar Underwood by Alberto Roldan. Matter: Jose R. Brenes. There are other reasons that make it necessary to hire Mr. Brenes. One of the goals of programming is to promote knowledge about Cuba among TV Marti employees. Mr. Brenes could be of great help for us on this.

[First interviewer] Could it even be said that in that television station there are employees who know nothing about Cuba? Is this not true? Who know nothing about Cuba?

[Fernandez Brenes] Yes, yes, this is the case. They know nothing about Cuba. There are employees who know absolutely nothing.

[First interviewer] According to the TV GUIDE magazine, which is the television guide, an American magazine, this is a U.S. Government project to broadcast TV programs, uncensored news, documentaries, entertainment, and sports to Cuba. Since you were a reviewer, to what extent can you state that the remark about uncensored news for Cuba is accurate, especially when the slogan of this television is: A window open to the free world.

[Fernandez Brenes] Yes, I could say that the news department broadcast to Cuba there were a number of news items that were not adequately confirmed which violates one of the main ethical norms of the USIA and the Voice of the United States of America.

[Narrator] Radio Marti statements made on 4 April 1990. Contrary to what the Cuban Government asserts, the TV Marti signal is reaching without interference a large part of the population in Cuba.

[Second interviewer] You say that certain material was censored in TV Marti citing for example, racism that prevails in the United States and the drama of the Hispanics are shown. Nevertheless, we have seen the dedication that media has to encourage illegal immigration from Cuba. Is that true or not, Brenes? Is this the line of news policy of Radio and TV Marti?

[Fernandez Brenes] Well, regarding the illegal arrival of people to the United States, people who leave Cuba by way of rafts and other types of things, it is very dangerous and criminal to encourage people to do that because the possibilities of arriving are few because of the currents in the Gulf and, you know, the normal threats of the sea and so forth. It is not an advisable adventure. It is not a wise thing. I will tell you something about Radio Marti, which does the following: It makes an impact, but Radio Marti regularly carries a report that was made with a U.S. Coast Guard officer regarding this. In this report, this officer tells the truth, that this type of journey should not be done because it is very dangerous. In other words, as I have just said, he warns about the Gulf current, on which these vessels, whose range is short, can drift away. It is unwise and should not be recommended at all. Of course, with the broadcast of this reportage one person who has planned to do this kind of thing could become discouraged and think: What this man is saying is true. At the same time, Radio and TV Marti—this of course is done in response to precise instructions given by Mr. Navarro—euphemistically transmits the arrival of all the people who arrive in the United States under these circumstances.

They immediately are given a heroes welcome, giving their names and other details. This encourages people who want to do this. They feel encouraged when they hear that such and such person arrived. This is encouraging. On one hand they discourage those trips with one report but on the other they encourage them with the other one.

[Second interviewer] It is a double standard.

[Fernandez Brenes] It is a double manipulation of the situation.

[Second interviewer] They do the same thing by of course encouraging defection. Any individual, no matter how insignificant he may be can be famous.

[Fernandez Brenes] He is immediately interviewed and if the interview has to be manipulated a little bit this is done.

[Second interviewer] Did you have contact with the FBI? Yes or no.

[Fernandez Brenes] Yes, through the special agents of the USIA Security Department. During a mini-interview with the USIA Security Department, special agent Carlos Yanez, all of a sudden—after having a coffee and having a nice conversation—told me that he had information that I was a adequately trained Cuban intelligence agent and that he had something to say about the matter. I took it as a joke and told him that that type of information was a product of someone's fantasy, that in Miami it was being said that I was a CIA agent and that this was also a lie. That is, people make up things, each person makes their own story about another, etc. I simply did not pay attention to this and asked him that when he had any evidence about it, to let me know to really discuss it. He then told me that he had no other choice than to have me take the polygraph, the lie detector. He asked if I would authorize him to do this by signing a document agreeing to submit myself to this type of test. I told him that by all means. I asked him to have it done immediately to get it out of the way because I wanted to work in peace since I had a position of great responsibility and trust and that I did not want to have that hanging over me. I signed the document authorizing him to submit me to the lie detector. They simply told me they would let me know but they never did.

[Second interviewer] Well, Brenes, if you had such an important position in TV Marti and received a high salary from the CIA and had contacts with the FBI, why did you come to Cuba? Why did you return now?

[Fernandez Brenes] I am a Cuban intelligence man. Once I fulfilled my mission and I received the order to return, I implemented my plan to return and returned to my fatherland. I am a revolutionary.

[Narrator] Jose Rafael Fernandez Brenes, Cuban intelligence's agent Orion. He was born in Havana on 6 January 1939. In 1957 he joined the Abel Santamaria action and sabotage cell of the 26 July Movement. After the triumph of the revolution, he worked as a scriptwriter and producer for the Cuban television. He was a drama teacher and an honorary member of the Saiz Brothers Brigade. He has been an agent of the State Security organization since 1963. In 1988, he defected during a trip abroad with the mission of infiltrating the anti-Cuban project.

[Second interviewer] Brenes, you were really just a simple agent.

[Fernandez Brenes] Yes, because the Security Department of the USIA also asked for my cooperation in providing information on TV Marti personnel, mainly the Cuban personnel.

[Second interviewer] What will your Miami and Washington colleagues say when they see you here before the Cuban television cameras, and that you are in Cuba?

[Fernandez Brenes] Well, they will most likely be surprised. I simply believe that they, especially the Americans, underestimate us. They underestimate us. I remember that during one of my conversations with Mr.

Carlos Yanez, special agent of the USIA's Security Department, he categorically told me that the FBI, with its counterintelligence section, had absolute surveillance over all Cuban intelligence agents working in the United States. He also told me that they were very aware that the FBI, U.S. counterintelligence, was very aware that Cuban intelligence was attempting to infiltrate this media and that they had taken all the necessary measures to prevent this from happening. I congratulated him for this and told him that this was a great relief for the ones who work for this media because we were protected.

[First interviewer] At the time when you were getting ready to leave the United States after you had fulfilled your mission, were you in a crisis? Was it decided for you to return because you had a crisis at work or something?

[Fernandez Brenes] No, no, no. I even remember—this is exactly the way it was—that the day before I implemented my return plan, at exactly 1800, Mr. Oscar Underwood, director of Radio Marti, [corrects himself] director of TV Marti, came to where I was to congratulate me and tell me that I had been confirmed in my position. I was confirmed in my position after a number of investigations the FBI had conducted in order to give approval so that I could be retained in my position.

[First interviewer] That is, today they are finding out that you are a Cuban security agent.

[Fernandez Brenes] I believe so. I believe so. [repeats]

[First interviewer] What stage of your life do you believe you are beginning?

[Fernandez Brenes] I plan to continue working. I only need to wait now for the revolution to assign me a new task. I will continue with my work during the years I still have the ability to continue working.

[First interviewer] Do you have relatives here?

[Fernandez Brenes] Yes.

[First interviewer] Who do you have here?

[Fernandez Brenes] My wife, my children, and grandchildren.

[First interviewer] How were you able to cope during these years of separation? What do you believe was the most difficult time during your stay in the United States?

[Fernandez Brenes] Well, the most difficult times were when I thought about when I was going to be able to return to Cuba. I did not know when. In order to return to Cuba I had to receive orders to return. I am nothing more than a soldier, and a soldier cannot leave his trench as long as he does not receive orders to leave his combat post. I did not know whether it was going to be two, three, five, 10, 20 years or that I might not be able to return.

[First interviewer] Personally, what is the greatest satisfaction you had have in the work you have carried out for Cuban intelligence?

[Fernandez Brenes] Well, I believe that the greatest satisfaction is having had the privilege of being assigned by the revolution to a frontline, high-risk combat mission that demanded sacrifice. This is a privilege. It is also a privilege to return to my fatherland at this time when we are going through a very difficult situation. It is very important for a revolutionary to have the opportunity to show it. Many revolutionaries, who have the same ability, the same enthusiasm, and the same desire, die and never have the opportunity of showing what they are capable of doing for their people and country. I had the privilege of having the opportunity to successfully fulfill my mission. I believe that this is a great satisfaction.

[Narrator] 27 March 1990. For the first time Cuban jamming completely blocks the enemy signal. A few days later, television carries the program "An Electronic Bay of Pigs" devoted to those who, from various positions, contributed to the success of this battle for sovereignty. Jose Rafael Fernandez Brenes, Agent Orion of the Interior Ministry's Intelligence Directorate, was absent from those giving testimony. He was then fulfilling his mission as agent in the enemy television station at the time when the greatest ideological aggression was launched against the revolution.

[First interviewer] Did you personally witness on March 1990, if I remember correctly, when the first broadcast was made and jammed? Can you tell us your memories of that moment?

[Fernandez Brenes] Well, I was the one who wrote the scripts for that first broadcast. I was the one who prepared them. I was the one who was on the other side of the sea in the TV Marti studio with the announcer who gave those remarks. I was the one who trained that announcer to say them the way he had to say them. I remember that it more or less said: Attention Cuba, attention Cuba, this is TV Marti beginning its test broadcast. I was the one who was working in the TV Marti studio.

[First interviewer] And later, what was Cuba's effectiveness regarding the jamming? Where you expecting it?

[Fernandez Brenes] Of course I expected it since my job consisted precisely of keeping the revolution's leadership apprised of everything regarding this so that the revolution could defend itself from that signal.

[Second interviewer] Does this mean that the successful jamming of the so-called TV Marti....

[Fernandez Brenes, interrupting] Was inside TV Marti. I was part of the jamming.

[Second interviewer] That is, the jamming was done here and there.

[Fernandez Brenes] TV Marti was born jammed.

El Salvador

FMLN Decries Government, U.S. Stance on Talks

PA0907033991 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 7 Jul 91

[Station commentary]

[Text] On Tuesday, a new round of negotiations will start between the FMLN [Farabundo Marti National Liberation Front] and the Alfredo Cristiani administration for an intensive discussion of the topics related to the Armed Forces and the cease-fire, with an eye toward reaching an overall agreement that will end the war. While the FMLN has been making a great diplomatic effort and seeking consultation and agreement in the discussion of the topics for the advancement of the negotiations, [Defense Minister] Ponce, Cristiani, and the U.S. Government have worked in the opposite direction. Large-scale military operations, more U.S. military aid for the war, and warmongering statements have been the negative signals sent out by the regime in the past two weeks.

For example, last Friday, Ponce said clearly that the Military High Command has not ruled out the option of a military solution to the conflict, and that the Armed Forces have the capacity to defeat the FMLN. What Ponce did not say was how the Armed Forces would do this. A few more dollars will not change the country's military situation. The Army with its worn-out and demoralized troops cannot do it. If anyone can modify the situation, it is the FMLN, as has been demonstrated by the trend of the past few years. Were this not the case, the High Command would not be negotiating with the FMLN. That is why the colonels tremble so much every time there is a rumor of an offensive.

However, we have opted for negotiation and the force of our weapons is dedicated to the (?advancement) and success of that negotiation. Therefore, the only way to explain Ponce's statements is that the fantasy of a military victory exists only in his head, and that his words are no more than (?an expression) of this fantasy. What Ponce does not wish to accept, or what his officers and men are trying to conceal, is that the criminal, corrupt Armed Forces that he commands are moving inexorably toward a purge, the disappearance of their repressive corps, paramilitary gangs, death squads, and private gunmen, and the end of their impunity. The nation has acquired enough strength to conquer them.

Government Delegate Says Time Ripe for Peace

PA0707202791 San Salvador Radio Cadena YSU in Spanish 1800 GMT 6 Jul 91

[Text] Members of the government dialogue commission said a new meeting will be held in the next few days.

The possibility of the next round of talks being held between the government and FMLN [Farabundo Marti National Liberation Front] in Mexico next week is almost certain, according to Dr. Hernan Contreras, a member of the government commission.

According to talks held with UN mediator Alvaro de Soto, the meeting should begin ahead of schedule.

As for the outlook at the upcoming meeting, Contreras said conditions are ripe for a definitive peace agreement to be signed.

[Begin Contreras recording] The outlook with regard to negotiations is good. We believe the conditions are ripe for definitive progress in the signing of a cease-fire. The government commission sincerely believes that everything is set to sign a cease-fire. The conditions are ripe. Progress has been more than considerable and the UN mediator has said so on many occasions. We sincerely believe that the Salvadoran people should get the peace that they have sought for so long. We believe that the topic of the Armed Forces has been completely discussed and that is why we say that conditions are ripe for a cease-fire, because all topics, especially the Armed Forces, have been completely discussed. There is no reason to delay a cease-fire, especially since the cease-fire topic is one of three topics included on the agenda as part of the agreement reached in Mexico at the request of the FMLN themselves in a document delivered to the mediator in Managua, Nicaragua. [end recording]

The member of the delegation accused the rebels of trying not to conform to the agenda and of trying to introduce new topics that are not related to the cease-fire, a situation, which for the time being, is important to define.

As for the possibility that the allocation of the U.S. economic aid to the country could interfere in the next meeting, Dr. Contreras emphatically denied it.

[Begin Contreras recording] I believe the negotiations should be separated from any external situation. I believe the FMLN, during the entire process since the Caracas agenda, has been using, for its own strategy, some events that have taken place, such as the elections in Nicaragua, the elections in El Salvador, and the U.S. Congressional resolution on aid to our country. I do not believe this is the time to use these tactics or strategies because the peace process is so delicate that it is necessary to preserve it so that it can yield results. [end recording]

Even though everything is ready for the agreement to be signed, the delegations will not discuss details related to the Armed Forces in the next round of talks, which has created uncertainty in the population, according to the government commission delegate, who believes the talks will begin in Mexico next week.

Peasants Threaten To Continue Land Takeovers

PA0507133391 San Salvador DIARIO LATINO in Spanish 29 Jun 91 p 4

[Text] In view of the indifference shown by Agriculture Minister Antonio Cabrales, peasants are forced to continue land takeovers, leaders of the Corporation of Communities for Cooperation and Solidarity (CORDECOM) said today.

CORDECOM Secretary General Mario Chavez Martinez said that Minister Cabrales has stubbornly refused to meet with CORDECOM leaders to discuss problems related to land ownership.

"The government's attitude is demagogical, because while it says that it is willing to solve the problems affecting peasants, it refuses to meet with us to discuss legal aspects and to act according to the law."

Martinez said that the attitude assumed by government officials, in this case by Minister Cabrales, encourages the occupation of land by peasants.

"We are willing to hold talks with Minister Cabrales in order to obtain land through the Land Bank. Since all doors are closed to us, however, Minister Cabrales will be responsible for future takeovers," CORDECOM stressed.

Martinez said that it would be illogical to give land to peasants in areas of conflict where there are no working conditions.

He recalled that in 1980 the Armed Forces with its military operations caused the immigration of peasants from those areas to the city. Therefore, he added, it is difficult to accept Cabrales' proposal.

Martinez clarified that CORDECOM is not opposed to Minister Cabrales' proposal, and that peasants would be willing to settle in those areas if the conditions existed.

CORDECOM demanded from the government the demilitarization of some communities where the Armed Forces continuously carry out repressive actions against the people.

"In Quezaltepeque, Santa Tecla, Apopa, and Nejapa, soldiers operate with impunity, violate human rights, and are not punished," CORDECOM stressed.

OTL Says 'Death Squads' Raid Nuns' House

PA0807231091 Mexico City NOTIMEX in Spanish 2234 GMT 8 Jul 91

[Text] San Salvador, 8 Jul (NOTIMEX)—The Archbishopric's Legal Assistance Office [OTL] reported today that a religious community in the capital has been searched, and it holds the death squads that, it asserted, continue to operate in El Salvador responsible for the deed.

OTL Director Maria Julio Hernandez said that the raid occurred on Saturday, 6 July, at the house of the "Small Community" nuns, with the same characteristics as a similar raid that took place one year ago.

The action causes concern "not only because it represents the continuation of other actions, but because it proves that the death squads continue to operate with impunity," Hernandez said.

The search was carried out in the morning and was witnessed by police guards who were protecting a bank located in front of the nuns' house.

The house was empty because the nuns had left to carry out their pastoral work, it was said.

Personal effects were taken, and three of the community's office files were broken into to steal approximately 40,000 colons ($5,000) destined to help the poor.

The OTL said that the nuns received at least five telephone calls—accusing them of being subversives and telling them to abandon the community, located northwest of the capital—days before the search was carried out.

Death Squads Blamed for Murder, Mutilation

PA0907043491 San Salvador Radio Cadena YSU in Spanish 1600 GMT 8 Jul 91

[Excerpts] The body of Martin Ayala Ramirez, 58 years of age, was found this morning in the offices of the Coordinating Council of the Downtrodden Communities of San Salvador. Ayala's corpse was found completely beheaded, barefoot, without a shirt, and tied to a post inside the office.

I repeat: Unidentified persons killed Martin Ayala Ramirez this morning, and his body, which shows signs of having been repeatedly stabbed, was tied by the hands and feet to a post inside the office. His wife, who was still alive and was taken to a hospital in this capital, was completely mutilated. Her arms and breasts were cut off. She was taken by members of the Salvadoran Red Cross to the Rosales Hospital here in San Salvador.

Members of the humanitarian organizations and the Catholic Church came to the offices of the Coordinating Council of the Downtrodden Communities a short while ago and condemned the way he was murdered. It is a horrible picture inside the offices which are located behind the Salvadoran Clinic, on 25th North Avenue. [passage omitted]

Several humanitarian organizations have condemned this incident and have attributed it to death squads.

Guatemala

* Reportage on Guerrilla Movements; Attacks

* 2 Killed in Combat

91CA0163A Guatemala City SIGLO VEINTIUNO in Spanish 11 May 91 p 6

[Text] The Army Information and Press Relations Department (DIDE) reports that one soldier and a guerrilla died yesterday during an armed confrontation that began at 1000 in a locality known as Agua Blanca, San Jose Alotenango, Sacatepequez.

The soldier killed in this confrontation was identified as Private Irineo Sanchez Gomez, of the Infantry batallion.

The confrontation began when a military patrol encountered a guerrilla column that operates in the region. The skirmish lasted several minutes.

This exchange of gunfire between government troops and guerrillas took place in the foothills of the Agua Volcano, west of Amatitlan, where army troops carry out constant patrols to provide security for the inhabitants of the region.

The DIDE did not say whether there were wounded among the army troops or guerrillas.

After the battle, the guerrillas fled from the locality, with the military patrol in pursuit. Military troops were sent to the region to continue the search for the subversive elements that have been harrassing the inhabitants of the region's population centers.

* URNG Attacks Army

91CA0163B Guatemala City EL GRAFICO in Spanish 12 May 91 p 6

[Text] Guatemala, 11 May (CERIGUA)—The URNG [Guatemalan National Revolutionary Unity] reported that guerrilla artillery commandos today attacked a military detachment stationed in the western part of the country and that a military officer is among the 24 casualties suffered by government troops during skirmishes in the vicinity of the Agua Volcano, 50 km from the capital.

The URNG indicated that guerrilla commandos, using gun and rocket fire, scored direct hits today on installations of the military detachment in the El Porvenir farm community, department of San Marcos. It had no information as to the number of casualties.

In a bulletin bearing the slogan: "For justice and peace, dialogue means fight, not surrender," the URNG reported that yesterday, in the foothills of the Agua Volcano, guerrilla forces ambushed a military column and engaged in combat for one hour.

In this battle, the guerrillas, armed with rocket launchers, guns, and hand grenades, inflicted 12 casualties on the government troops and confiscated provisions, an M-16 rifle, and miscellaneous military equipment.

The URNG added that on 8 May, its forces ambushed and engaged in combat with an army column that was patrolling the area surrounding the volcano, producing nine additional casualties, including an officer in command.

The URNG added further that on 6 and 7 May, guerrillas had produced three additional army casualties in the area around the Agua Volcano, during attacks on two platoons and an attack with explosives on another military column.

* Sightings in Sacatepequez

91CA0163C Guatemala City EL GRAFICO in Spanish 19 May 91 p 7

[Text] Guatemala City, 19 May. From our editor's desk.—Truck drivers traveling the routes between the capital and Antigua Guatemala, seat of that department, report that in the nearby department of Sacatepequez, the inhabitants have sighted guerrilla groups, and have alerted the security forces.

Our informants say that in the vicinity of Santa Lucia Milpas Altas, armed groups in vehicles without licence plates have been sighted at various times.

Motorists have also reported that guerrillas, present on the "Las Canas" hill, have stopped traffic there on various occasions, and that the inhabitants are worried.

In San Lucas Sacatepequez, posters, leaflets, and banners of Guatemalan National Revolutionary Unity [URNG] have appeared, with the inscription: "We will continue to fight, whether or not there is a change of government."

Recently, in just these past few days, guerrilla activity has increased notably, and there are reports to this effect from El Peten, Escuintla, Alta Verapaz, and other regions in which these disaffected groups are making their presence felt, through military actions as well.

* Guerrillas Murder 6

91CA0163D Guatemala City SIGLO VEINTIUNO in Spanish 21 May 91 p 6

[Text] Six merchants traveling to various destinations in Peten to buy staple grains were murdered by alleged guerrillas as they drove around the village of La Cueva, San Luis, Peten.

Unofficial reports from this capital indicate that the merchants were detained by armed men who, after robbing them of several thousand quetzals, which the merchants would have used to buy staples, killed them on the dirt road between the above-mentioned village and the municipal capital.

The victims were traveling in three trucks, which they would have used to transport the produce they planned to buy in that department. One of the victims was a

minor, approximately 14 years old, who could not be identified for lack of personal identification papers.

The other five, all from Totonicapan, were identified as the brothers Jose and Diego Ixcoy Castro; Mynor Geovani Verganza; Antonio Ramos Lorenzo; and Antonio Cordova. The bodies of the victims were sent to the San Luis, Peten medical center morgue, where the required autopsies are to be performed.

* Highway Cut

91CA0163E Guatemala City PRENSA LIBRE in Spanish 28 May 91 p 8

[Text] The driver of a pickup truck, Joaquin Chamale, told police that guerrillas had stopped him and shot several bullets into the pickup's tires. They then forced him to descend from the vehicle and to spray the pickup with the 10 gallons of gasoline that he was carrying as reserve inside a can. Then they set fire to it.

Chamale said that the insurgents had detained several vehicles that crossed the road. The pickup truck belongs to the Moscamed program and has license plate P-54065.

The guerrilla action lasted several hours, during which the insurgents rounded up the motorists and other people, to make speeches to them on the reason for their fight, and to distribute propaganda leaflets.

Hours later, they left the place and hid in the densely wooded mountains. It is known that a military contingent was sent to the area and has begun combing it in search of the rebels.

* Army Engages URNG Force

91CA0163F Guatemala City EL GRAFICO in Spanish 2 Jun 91 p 8

[Article by special correspondent Rony Ivan Veliz; first paragraph is EL GRAFICO introduction]

[Text] Chajul and Nebaj mountains the scene of armed confrontations between the army and the URNG [Guatemalan National Revolutionary Unity]

Santa Cruz del Quiche, 2 June—An armed confrontation took place on Friday in the mountains of Chajul and Nevaj between the military and guerrillas of Guatemalan National Revolutionary Unity, producing an undetermined number of wounded on both sides.

The inhabitants of this department said that armed confrontations have been taking place on a daily basis in the mountains, and have terrorized the indigenous population that lives in the mountains and in the abovementioned municipalities.

An officer assigned to this area, who asked not to be identified, reported that soldiers assigned to the municipalities of Chajul and Nebaj had repelled mortar and gun attacks when they were attacked by fighters of the Poor People's Guerrilla Army [EGP].

"While the URNG commanders are negotiating for peace through dialogue," said this officer upon being interviewed, "the bloodiest of battles are being fought in the mountains of this department."

"Military reinforcements were sent to these mountains by order of Military Zone 20 with headquarters in this department's capital and by 'Playa Grande.' They had to evacuate the wounded to the capital city," he said.

The officer did not reveal the number of wounded that had been helicoptered to the military hospital, but he confirmed that there were wounded and dead among the guerrillas evacuated by the subversive elements to the mountains of Chajul and Nebaj, where they are hiding.

"We hope," said the officer, "that peace will come to this region forsaken by civilization, and that the dialogue between the guerrilla commands and the government will result in an agreement, so that the insurgents will stop acting outside the limits of the law, and can organize their own political party and come to power through the electoral process." And with this, our interviewee concluded his remarks.

Nicaragua

Daniel Ortega Interviewed on FSLN Status

PA0807004991 Managua BARRICADA in Spanish 1 Jul 91 p 7

[Interview with former President Daniel Ortega by BARRICADA INTERNACIONAL correspondent Gabriela Selser in Managua; no date given]

[Text] [Selser] Over the past few days you have spoken about the beginning of a serious national crisis, of a plan to destroy Sandinism and reinstate Somozism in Nicaragua. What proof do you have for these remarks?

[Ortega] This plan first came to life after the revolutionary triumph in Nicaragua and after President Ronald Reagan took office. An attempt was made to destroy the revolution with weapons and terrorism. Later on, with the FSLN's [Sandinist National Liberation Front] electoral defeat, revengeful forces—the counterrevolution's hierarchy and political leaders in the country and abroad—saw in the constitutional system an opportunity to achieve what they had failed to achieve with weapons.

Initially they managed to make the current government follow that trend: Despite the transition agreements, their first official action was to issue Decrees 10-90 and 11-90, aimed at undoing the changes of the revolution. All these things were accompanied by considerable pressure, which still exists, to dismantle the Sandinist Army and police.

The battle has had its ups and downs. While the government has gradually modified its positions and has reached understandings with the FSLN, which is the

leading opposition force at present, the revengeful sector maintains its policy. Its plan is to take advantage of institutional mechanisms, in this case the National Assembly, where its parliamentary majority provides an objective force.

[Selser] How would you describe the Sandinist groups' occupation of city halls and radio stations over the past few days?

[Ortega] It was the people's immediate reaction following an extraordinary effort by the FSLN and the government to contain the radicals. I fully supported them.

[Selser] You defend stability and at the same time support violent actions...

[Ortega] During my presidency, deputies, mayors, and UNO [National Opposition Union] leaders who are currently members of the National Assembly were the instruments of a terrorist policy. Claiming to be ignorant of the constitutional system, they felt that they had a right to promote violent actions against the people.

If at that time they could attempt to justify such brutal and unjust actions, the people's right to resist abuses against the revolution's achievements is by far more justified. The big difference is that the Nicaraguan people—who have taken to the streets and occupied city halls—and the FSLN are not making a call to war, to topple the government, or to kill anyone, nor have they requested the support of a foreign force or government. We are simply fighting with our own forces and claiming our right to resist.

Just as they rebelled politically and militarily against the revolution, we are more than entitled to rebel by way of civic and peaceful resistance against actions aimed at imposing neo-Somozism. Moreover, we should claim the right to rebellion if an effort is made to reinstate Somozism.

[Selser] Could this rebellion turn into a military battle?

[Ortega] It depends on what the government does. Of course, if the people are militarily attacked they must defend themselves. However, we have not planned any armed actions. The town hall occupations have been civic actions, because we have not demanded the dismissal of mayors. We have simply demanded property titles for thousands of Nicaraguans who received homes; today they constitute the sector that is most interested in mobilizing. The civic battle depends fundamentally on these neighborhood and settlement dwellers and on the peasant population that has been threatened with dislodgement.

A national and international campaign has been launched, based on the assumption that the Sandinist leaders want to cause confrontations to cover up the crimes they committed during their government. There have also been remarks to the effect that the repeal [of Laws 85 and 86] that they are seeking will not affect the popular sectors, but minority groups who received luxurious homes and huge farms.

Reality has proven the contrary. The wealthier people who benefited from Laws 85 and 86 are the most secure: They have titles because they could pay attorneys. Former ministers and individuals who still work for the Army's General Staff and the police also have greater protection; the same goes for Sandinists linked through family ties to the current rulers.

The unprotected are the poor, who lacked the resources, time, or conditions to acquire deeds for their homes, lots, or lands.

[Selser] The Sandinist Directorate has admitted that there have been incidents of abuse in this matter of property ownership, for example in...

[Ortega] Whenever we say this, we are basing it on the premise that there is always an exception to the rule, but we have been saying it informally because we do not have any specific data regarding abuses. We are reviewing the list of the almost 10,000 property deeds delivered between 26 February and 24 April last year. This list includes peasants—individuals as well as co-op property owners—who already owned land but had no titles to the land.

The list also includes some trading, even trading with rightists who are enemies of the revolution: They were affected by the agrarian reform and accepted property in exchange for the property that they previously owned. Then there are properties owned by peasant co-ops: On many occasions the deeds to these properties were made out in the names of companeros from the Sandinist Front. One of these is that of the companero surnamed Lopez, in the area of Rivas, which is often mentioned. The truth is that the deed to the land was made out in his name, but one has to go and see who is really using the property. It is probably occupied by peasants who were with the contras or by Sandinist peasants.

Consequently, when we are talking about abuse we begin with the premise that it is difficult for no abuse to have taken place. The Sandinists, however, cannot be blamed for every instance of abuse. We know of a few shameless individuals who received indemnification from the revolutionary government for homes or for land and who are now filing suit to recover them. And the attorney general is immediately returning this property! Now that is what I call real abuse!

[Selser] The leaders of the FSLN are blaming the current conflicts on the so-called extremist sector of the UNO. Why is the executive branch being spared?

[Ortega] At this time, and with this particular crisis, the executive branch took a positive stand. I am aware, because I witnessed it, of the effort made by Presidency Minister Antonio Lacayo, along with the FSLN, to avoid a conflict. This crisis, which was provoked by the

extremist sectors to wear the government down and weaken its image, is not doing the government any good.

The government and the FSLN are truly willing to reach agreements, and this has nothing to do with their vastly differing views on topics such as employment, salary, and living conditions. These differences crop up every day. The problem is that the current crisis, for example, reveals basic differences on such subjects as stability, the recognition of institutionality, and the changes that took place in Nicaragua.

[Selser] Because of its entente with the FSLN, some UNO politicians accuse the government of being pro-Sandinist and are rebelling against it. Doesn't this situation bring even more elements of instability into the picture?

[Ortega] After serious contradictions and confrontations, the efforts of the executive branch and the FSLN in pursuit of stability hit a high note with the agreements reached at the national dialogue in October 1990. One month later, after seeing that the country might attain stability, the extremist groups launched a counteroffensive with the mayors' movement. The extremist groups believe that now is the best time to deliver a blow because steps are being taken abroad to grant Nicaragua more financing and the Sandinist Front is getting ready to hold its First Congress. Therefore, delivering such a blow will become more difficult later on as the trend toward stability grows stronger.

As a matter of fact, the joint effort by the executive branch and the FSLN has already yielded fruit. The first of these fruits was the definitive disarmament of the contras—whom revanchist sectors wanted to transform into this country's new army—and this was achieved also thanks to the constructive and reconciliatory attitude adopted by the peasants who laid down their arms. There are three major participants in this concerted effort that have contributed to national stability. These participants are the FSLN, the members of the National Resistance who laid down their weapons, and the government, and without all three it would not be possible to maintain peace in this country. That is the basic concerted agreement, and if we manage to continue to advance in this direction, we will have ensured the minimum conditions necessary to work toward socioeconomic harmony and to wage the all-encompassing daily struggles between the government and the workers.

[Selser] Could it be said that this is a co-government?

[Ortega] There has been no partition of ministries or agreement to develop joint government policies. That has been left in the hands of the national concerted effort between workers and the government. In addition, there are official measures which we reject, especially those that affect social sectors, such as the lack of health services and education and a decrease in the benefits to war victims. If this were a co-government, we would not have any differences in that respect.

[Selser] A recent communique by the FSLN Directorate calls upon the former contras to join with the Sandinists to defend their properties. Do you not think that an alliance of this nature could be dangerous for the country?

[Ortega] On the contrary. I believe it would be the best guarantee that there would never be a war again in Nicaragua. More than an opportunistic or political reason, this is a matter of principle, since the Sandinist Front has a natural historic base in the peasantry.

Our political-ideological platform on farmer-worker unity is still valid. During the struggle against the Somoza dictatorship, we were able to influence and organize a few dozen peasants into guerrilla information and logistic networks, but these were only dozens of people and not a peasants organization integrated into the revolutionary movement. While the Sandinist Front was merely a reference point for the peasants, the struggle began to concentrate in the urban sector until it was transformed into the insurrection that overthrew the dictatorship.

After the triumph of the revolution, we looked toward the rural sector to bring about our initial proposal to the peasantry. It was a long road and we were only able to proceed with an important sector represented by the cooperatives, the APP [People's Ownership Sector], and the small producers. However, the Yankee aggression, in addition to our own mistakes—a series of ill-suited party policies—prevented us from organizing and incorporating the great mass of farmers that eventually became the active social base and even couriers and fighters of the counterrevolution.

[Selser] How are you going to recover such an important sector?

[Ortega] To lose something you must first have it, and to be honest we never lost the peasantry because, in quantitative terms, we never had them, although the influence of the revolution was clear in that we were able to form defense units within a sector of the peasantry, units which were strong in terms of awareness and organization and were the fundamental basis to resist the Yankee aggression.

I am convinced that the peasants who joined the contras were not fighting to once again become oppressed; they were seeking the outlet offered by the revolution, which they could not achieve because we were not able to reach them on time or in a more convincing manner.

This phenomenon was clearly expressed during the elections. For example, in Muelle de Bueyes, 89 percent of the peasantry voted for UNO, and only 11 percent for the Sandinist Front. In reality, this majority did not identify with UNO as a political party, but they felt represented by the peasant counter-revolutionary movement within the rebel population, which they eventually supported.

Now we have to go after the peasant base of the revolution in order to integrate it. Our platform does not arise out of the context of the situation; it is deeper than that because it is related to the future of the FSLN. It entails integrating the peasantry into a single force, uniting them in order to guarantee their achievements, and proceeding with the revolutionary process. This requires policies aimed at the peasantry who at one time were part of the contra movement.

[Selser] The FSLN is conducting an internal reevaluation. How significant is your national congress in July?

[Ortega] This first congress fits in with our current historic phase and the emergence of a new Sandinist Front. One of the Front's traits is that it comes up with new forces and initiatives in every sphere after times of crisis. Bocay in 1963, the military defeat in Pancasan in 1965, the Front's internal schism in 1975, and the revolutionary victory in 1979 are phases following which we formed new Sandinist Fronts.

At present, after the 25 February elections and particularly in response to this congress, we will form a new Front capable of controlling the current situation, which means that it will deepen democracy, but not a defensive democracy, not a receding or defeated democracy, which is how democracy was outlined by the forces who set forth revolutionary proposals in East Europe, where instead of a political reconversion there has been an involution.

[Selser] Will this new Front be different in political-ideological terms?

[Ortega] I believe that it would be totally uncharacteristic of the Front to begin discussing whether or not it will tread the capitalist path and give up on anti-imperialism. There are 23 political parties in Nicaragua which can be joined by anyone who believes that the capitalist and pro-imperialist proposal is the valid one.

Our proposal is still revolutionary, but we have incorporated debates and dialogue as a new expression of internal democracy. For the first time in our history, the Front is discussing its laws and principles. Elections are a new element; they are an instrument through which to reaffirm our political and ideological positions, modernize our work methods, and confront capitalism, which is, as ever, our enemy.

The Front does not see democracy as the framework in which to advocate immobility, but as a means to promote change, debate, and work. At the July congress we are not going to revise our principles; we are going to reaffirm them, because imperialism is still the enemy and we have always aspired to a socialist society, learning from the lessons of East Europe, of course.

The events over there have dealt a very serious blow to the proposals, dreams, and utopia of revolutionaries the world over. At the outset of our struggle, our specific point of reference was the USSR, the October Revolution, and the strength of socialism. During the eighties, when the Sandinist revolution made its appearance, the world was moving from capitalism to socialism. This trend has reversed itself; it has gone the other way and is now pointing in the direction of capitalism, which has gained strength at this turning point.

In this sense, I believe that our decision against mechanically copying a model of revolution was correct, even though a sector of Sandinism was dissatisfied because we were not like the Soviets or Cubans. In Nicaragua we promoted a mixed economy and political pluralism to rebuild the country, establish the foundations for development, and create riches for the future building of socialism. This plan is still in force. We have not renounced socialism, but we must make the necessary adjustments as we start on this new path; we must continue to work toward it and to defend it. This is the challenge we are faced with, and it is our greatest responsibility.

[Selser] Does the entire FSLN support this position?

[Ortega] I believe it is the general trend.

[Selser] How would you describe the members of today's FSLN? Did the electoral upset harm the vanguard's confidence?

[Ortega] Immediately after the defeat, Sandinism became cohesive in an effort to survive. After the present government took office, we entered a phase of criticism and hypercriticism, but with, I would say, little self-criticism. This was understandable. The failings and mistakes we had amassed were brought to light in the form of criticism. We are currently in the process of regrouping our forces, increasing the rank and file's responsibilities, and clearly adopting new methods. When we governed, the Front played a rather paternal role. The rank and file will now play their role more actively.

[Selser] Is this the reason for the differences between the Front and the FNT [National Workers Front] labor union?

[Ortega] Ours are tactical differences: discrepancies between those comrades who do not believe that this is the best method of struggle, and those who do.

Addition to Interview

PA0807023391 Managua BARRICADA in Spanish 5 Jul 91 p 3

["Portion" of interview with former President Daniel Ortega by BARRICADA INTERNACIONAL correspondent Gabriela Selser in Managua, "which is now being published because of its importance and timeliness but was omitted in the 1 July publication due to lack of space"; no date given]

[Text] [Selser] At the Managua departmental congress, a considerable number of delegates complained because the Sandinist Assembly members were named delegates to the National Congress (without having been elected by the rank and file). They also disagreed with the manner in which the new candidates to the National Directorate were proposed. What is your opinion on these subjects?

[Ortega] One has to take into account that this is our First Congress and we have no prior experience. Additionally, I believe that the expectations that we ourselves set for this process were unrealistic. One cannot move into a perfect process from one day to the next, and as a matter of fact there is no such thing as a perfect process.

Another of these expectations was the desire to incorporate everyone into the discussion, but we forgot that we had an enemy that would eat up our time. Reality soon sank in and showed us what was feasible; reality also showed us mistakes that were made precisely because of our expectations.

[Selser] Does this mean that the two decisions were a mistake?

[Ortega] Regarding the Sandinist Assembly, which is going to be substantively modified as soon as it is determined by the congress, our mistake was to not have made ourselves clear from the very beginning. If we had said from the onset that those companeros were going to participate in the congress no one would have opposed it, but the decision was made at the last moment and this naturally upset some people.

Regarding the election of candidates, we must bear in mind that this is a participatory process and that in the same way that the Sandinist Assembly can propose candidates other sectors can also do so. No one can talk about imposition, because many candidates have come out of the departmental congresses. Being self-critical, we can admit that there were also irregularities with the main report, which we were unable to submit to a debate and have not yet even discussed at the Directorate level.

There were also flaws in the mechanisms for selection. In the neighborhoods there are some who do not feel well represented by one companero or another and therefore allege that the will of the majority was not respected. In general, the rank and file criticize the delegates; the delegates in turn criticize the methods used by the preparatory committee; some criticize the Sandinist Assembly; and yet others criticize the Directorate. All of this is simply the cost of a new experience.

The most important thing, however, is that this discussion is having an impact at the national level; the municipal and departmental congresses are sending a very clear message to the rightist sector regarding the true strength of Sandinism. This is the best proof of our unity—showing them that in the midst of debate and discrepancies we are advancing in our attempt to regroup. The national congress is going to provide us with a more cohesive, united FSLN [Sandinist National Liberation Front], an FSLN that, above all, is capable of establishing a mechanism for expeditious communication with the rank-and-file to face the battles of the future.

[Selser] Commander, why is it being said that the key to unity lies in maintaining the current incumbents in their leadership posts? Would Sandinism disappear if you were to leave?

[Ortega] Political leadership cannot be built up overnight and this Directorate, formed by nine companeros following the reunification of the FSLN in March 1979, today has the vast experience it has accumulated over these many years based on the efforts of its work as a team.

The Sandinist militants and the rank and file have to give serious thought to whether it is advisable to modify or expand the FSLN leadership. The leadership already has been modified by the demise of Commander Carlos Nunez, and there is talk of incorporating new companeros. I believe that the current leadership has not yet given signs of biological, mental, or political aging, although we are accused—to a lesser or greater extent—of faults and weaknesses that we logically possess and acknowledge. About the varying criteria, the most reasonable, the most unitarian proposal will prevail. The delegates to the Congress will have the last word.

[Selser] It is being taken for granted that you will be confirmed at the helm of the FSLN and will be elected as secretary general at the congress. Would you accept the post?

[Ortega] Every revolutionary is compelled to accept his or her responsibilities within the framework of unity. This is an indispensable factor. If by assuming such a responsibility one affects unity, then one should remain a rank and file militant. In my case, as long as I can contribute to unity as a militant, I will hold whatever post I am assigned to. If I ever begin to threaten unity, however, I will reconsider my position.

[Selser] Does such a risk exist?

[Ortega] Not at the moment. I believe that in spite of any limitations, errors, or weaknesses that I might possess, the companeros of the Directorate and a majority of the militants have placed their trust in the work that I have accomplished.

UNO Disagrees With Chamorro on Military Reforms

PA0807184391

[Editorial Report] Managua LA PRENSA in Spanish on 2 July on pages 1 and 8 publishes an 800-word article on a 4-hour meeting held by members of UNO (National Opposition Union) on 1 July with President Chamorro to discuss military reform. According to the article, representatives of the 14-party UNO coalition met with President Chamorro, Antonio Lacayo, and Major General Joaquin Cuadra to discuss a possible law that would

reform the current military institution's duties, limit the term of office of the army chief, and specify under what circumstances officials could be discharged. It notes that Antonio Lacayo warned that the issue was a matter of national stability and that they should not bring up situations that could turn against a government that tries to maintain a balanced center position. An unidentified participant told LA PRENSA: "They said no to virtually all our proposals." During the conversations, most of the political party presidents' criticism was focused on the meager contribution of Army and police forces toward the Nicaraguan democratic process, while they emphasized the need to "accelerate" the changes in the hierarchy of these military institutions.

Maj. Gen. Joaquin Cuadra—who represented General Humberto Ortega at the meeting and who responded to the majority of the questions posed by the 14 party leaders—said that reforming the Army in a democratic process is a difficult task. When Cuadra was questioned on the proposed law, he said that the Army would feel threatened if the law, as proposed, was passed. Nevertheless Cuadro also told the UNO members that the Armed Forces have a serious commitment toward the Nicaraguan democratic process and acknowledged that the institution has made advances, in his opinion, to eliminate "partisanship" within their ranks.

Antonio Lacayo warned the coalition leaders "not to go so fast with the reforms," while he briefly explained the maneuvers by the executive branch to try to dominate such a difficult and hostile situation as has been Nicaragua's democratic transition. The newspaper notes that a conservative politician said that President Chamorro had agreed to meet on a regular basis with the UNO members to deal with the nation's current situation and listen to their points of view. To conclude the meeting, the 14 UNO party members and President Chamorro agreed to make the government program more effective and to establish a permanent and continuous channel of communication.

Managua LA PRENSA in Spanish on 3 July, on pages 1 and 12, publishes President Chamorro's 460-word letter to the 14-party UNO coalition members with regard to their joint meeting on 1 July. President Chamorro, in her letter, reiterates her position on the outstanding national issues discussed during their 1 July meeting and expresses her gratitude for their participation in the meeting. President Chamorro also reiterates her position with regard to their proposal to increase the number of magistrates on the Supreme Court, which at this time she does not consider expedient. The president later confirms her ongoing reforms to the Military Organization Law, concerning the Army's reduction, restructuring, and transformation. Although President Chamorro thanks the UNO members for their interest in guaranteeing the Armed Forces' submission to the civil authority, she stated in her letter that "as head of the Armed Forces, it is her right to determine the progress on this issue."

With regard to the private property issue and all that is involved in the return of and compensation for properties confiscated and their privatization, President Chamorro reaffirmed in her letter "her wish to find a widely accepted solution to this thorny issue." For this reason, President Chamorro noted that, in her opinion, it is vital for the Legislative Assembly's Special Property Commission to wait for the agreements reached during the National Dialogue's second phase and subsequently, together with the Sandinists members on that commission, to make a wise decision on this difficult issue. To conclude, President Chamorro extends an invitation to the UNO party leaders to meet at the same time and place on 2 September to see what they achieve for Nicaragua's benefit during the next 60 days.

Political Groups Demand Democratic Reform

PA0807200691 Managua EL NICARAGUENSE in Spanish 28 Jun-4 Jul 91 pp 12, 13

[Editorial: "Declaration by the Democratic Forces of Nicaragua"—dated 25 June, in Managua]

[Text] The democratic forces of Nicaragua, grouped in the Permanent Workers Congress (CPT); the Central Organization of Trade Union Action and Unity (CAUS); the Confederation for Unity of Trade Unions [CUS]; the Autonomous Nicaraguan Workers Federation (CTNA); General Confederation of Independent Workers (CGTI); the Nicaraguan Workers Federation (CTN); the Higher Council of Private Enterprise (Cosep); the elected mayors of the UNO [National Opposition Union]; the Nicaraguan Resistance [RN]; the UNO member political parties; and the Association of Individuals Whose Property Has Been Confiscated-Let Us Save Democracy, at the invitation of the UNO Political Council, state the following to the democratic Nicaraguan people:

Aware of the social, political, and economic problems that affect the nation; concerned about the slow progress of the democratic process and the threats made against it by minority sectors that are systematically trying to seize control of the country's destiny; supported by the deep conviction of freedom and the unbreakable spirit of civic struggle of all democratic sectors of the country; and confident that, despite acts of sabotage, obstacles, and betrayal by a few, Nicaragua will march decisively toward the fulfillment of full democracy;

We agree to address the UNO Political Council to state the following:

1. In clear opposition to the will and the mandate of the people, the actions by the Presidency of the Republic are influenced by an excessive and unnecessary dependence on the Sandinist minority.

2. The normal development of citizens' every day life, the production activities, and the possibilities of creating jobs for thousands of jobless people throughout the

country are adversely affected by the lack of a state of law and the absence of authority with regard to public order.

3. The lack of authority and public order results from the fact that after one year of administration, the government has not yet taken control of the police, the Armed Forces, and the judicial system.

4. Many actions adopted by the government are very similar to the arbitrary and corrupt actions that characterized the previous administration.

5. A large and unnecessary budget is being assigned to the military, while the people continue to suffer from the disastrous situation with regard to education and health, after a decade of Sandinist administration.

Therefore, the following actions are urgently recommended:

1. Urge the government to disavow and declare totally nonexistent the so-called Transition Protocol, and to comply with the Bambana Agreements.

2. Demand that the government refrain from granting ownership titles as long as the corresponding judicial and administrative framework has not been established.

3. Demand that the government suspend and reverse the new pinata-like giveaway ordered against the properties of Cafenic, Hatonic, and Agroexco [companies not further identified].

4. Guarantee the stability of those who occupy small urban lots and small tracts of land in the countryside.

5. Definitely resolve the property issue to bring justice to the real needs of the poorer segment of the population. They should receive compensation or be relocated when they illegally occupy property, provided that they are unable to make that land produce in an efficient manner.

6. Constitutional reforms allowing deep modifications of the judicial system should be promoted to prevent one party from controlling the judicial system. Honest justices should be appointed and a new jury system should be established.

7. The arbitrary Law of Functions [Ley de Funciones] of the police should be repealed. Moreover, the executive branch should sanction a new Law of Jurisdictional Functions of the police, which has already been approved by the National Assembly.

8. A civil defense minister and a police minister should be appointed to implement a genuine process of disarmament, the professionalization of the Armed Forces, and the elimination of military privilege.

9. The military equipment and machinery used for construction should be publicly accounted for, and later sold to generate income for the health and education sectors. When this is accomplished, the Armed Forces should launch a civic works program intended to repair the infrastructure.

10. Constitutional reforms established by the UNO government program should be approved to eliminate the continuing central dictatorial structure derived from Sandinist philosophy.

11. Autonomy of the municipalities should be guaranteed. In addition, efforts aimed at firing elected UNO mayors who refuse to support the collaborationist directives frequently issued by government agencies should stop. 12. The process of reaching concerted agreements should not be the exclusive means of settling differences between the government and the Sandinist Party, but should become a real forum of consultation with all sectors. The government should learn to differentiate between a mandate by the majority and impositions by the minority.

ONUCA Shown 'Complete' SA-16 Missile Arsenal

PA0907044691 Managua LA PRENSA in Spanish 6 Jul 91 p 2

[Article by Roger Suarez M.]

[Text] Lieutenant Colonel Ricardo Wheelock, chief of the Army's Public Relations Department, has reported that the Army showed the ONUCA [UN Observer Group in Central America] forces the SA-16 missile arsenal that was certified by a Soviet-Nicaraguan commission in March.

Wheelock said that the members of ONUCA were able to confirm that the 499 missiles and their firing mechanisms, which had been certified in March, were complete. "This means that no firing mechanisms or missiles have been lost from the inventory of the Sandinist People's Army," he said.

The Salvadoran Government recently reported that the Sandinists are continuing to send weapons from the Sandinist People's Army warehouses to the FMLN [Farabundo Marti National Liberation Front] rebels.

Regarding stories which claim that the Army sold Soviet helicopters to lumber companies or certain individuals, Wheelock said that those statements may be part of a campaign by ill-willed persons who want to denigrate the military corps.

Wheelock said that the Army could use the courts to defend itself from these ill-willed campaigns. "May my words serve to remind these persons to be serious," he said, adding that it was absurd to talk about the supposed sale "because, here in Nicaragua, no citizen has enough capital to buy a helicopter, much less seven of them."

Report on D. Ortega's Health Confirmed

PA0807200891 Managua Radio Catolica in Spanish 1130 GMT 8 Jul 91

[Text] Former President Daniel Ortega has admitted that it is true he has been suffering from strong headaches but he said this is due to the injustices in the country. Former President Ortega denied he was taken to the military hospital on 4 July, adding that he views the report about his hospitalization for head problems as a personal attack.

Mear.while, Sandinist sources have confirmed that Mr. Daniel Ortega was at the military hospital on Thursday, 4 July. According to the sources, the former president received massage and ultrasound therapy.

International news agencies, U.S. news networks, and other foreign media have been calling their correspondents for more information about the former president's health. It is known that a source close to Mr. Ortega asked the correspondent of one of the news agencies not to continue reporting on the topic. However, the source did not confirm or deny the information on Ortega.

Recontras Form New Organization, Issue Communique

PA0807232391 Managua EL NICARAGUENSE in Spanish 28 Jun-4 Jul 91 p 10

[Text] The Enrique Bermudez, Commander 380 Brigade [Brigada Ingeniero Enrique Bermudez, Comandante 380], comprised of former Nicaraguan Resistance [RN] fighters, now known as recontras [contras who have again taken up arms], have issued their first communique from the mountains of Nicaragua. The communique, which is addressed specifically to President Violeta Chamorro, sets forth the brigade's position and its reasons for taking up arms once again. It specifically requests the retirement of Sandinist People's Army [EPS] Commander Humberto Ortega and National Police Director Rene Vivas.

The Commander 380 Brigade sent EL NICARAGUENSE a copy of the communique addressed to President Chamorro by the new organization called the Democratic Forces for National Salvation (Northern Front) [Fuerzas Democraticas de Salvacion Nacional]. In the document they request "a dialogue with the government of President Violeta Chamorro, whenever she wishes, in order to avoid a civil war."

The Democratic Forces for National Salvation "Commander Enrique Bermudez Varela, Commander 380" makes it known that "we are fighting in defense of human rights and for the freedom of the people who were hurt so much by the war during the Sandinist decade of the eighties."

The group states that the war during the Sandinist era left only pain, misery, and death, as well as division among families, banishment, and persecution.

"We are fighting today because members of the demobilized RN are being murdered, incarcerated, persecuted, threatened, and tortured in various regions of the country. This is what we are fighting against," they state.

They say that in June, 1990, they turned over their weapons to the CIAV-OEA [OAS International Commission of Support and Verification] and the ONUCA [UN Observer Group in Central America] in exchange for land; housing; education; security; and economic assistance for war widows, orphans, and handicapped. but "what we have received from the government after the RN's demobilization, is persecution, threats, and death."

They explain the reasons for taking up their arms again by saying that it is "to defend the rights of the demobilized members of the RN and their families, and of all Nicaraguans who believe in democracy."

They point out that they lay down their weapons to make way for the election that defeated Sandinism and brought President Chamorro to power, but "with the promise that Humberto Ortega would be removed immediately from the Army."

During the dialogue with President Chamorro, CIAV-OEA, and the Government Ministry, the brigade will request protection for the members of the demobilized RN and their families, punishment for the Sandinists who have murdered RN members, and unconditional freedom for RN members being held in the Chamorro Government's jails.

They will also request an immediate halt to the murders, persecutions, threats, and harassments by the Sandinist Army and police against the members of the demobilized RN; FBI intervention in the investigation of the murders of Enrique Bermudez and young Jean Paul Genie; and the elimination of the General Directorate of State Security [DGSE] (which continues to be Sandinist). They will also call for the purging of the EPS and the police throughout the country and compliance with the demobilization agreements.

They ask for land, protection, housing, health, education, financing, and economic aid for the RN's orphans, widows, and handicapped. The disarming of all civilians and all Army and police retirees and the retreat of the Armed Forces from the development centers are also requested.

They name Francisco Valdivia, Commander Dimas, Commander Cinco Pinos, and Commander Rojito to make up the team for the negotiations with the government, the CIAV-OEA, and the ministry.

As representatives for the demobilized RN, they appoint Luis Fley, alias Commander Johnson; Joel Valdez, Commander Brack; Oscar Gonzalez, Commander Danilo; Jaime Rodriguez, Commander Gallo; and Santos Cisne, Commander Yambito.

The brigade asks that Cardinal Miguel Obando y Bravo represent the Catholic Church, along with Bishop Julian Barni and Father Benedicto Herrera, as well as Lino Hernandez of the Permanent Committee for the Defense of Human Rights [CPDH] and Santiago Murray of the CIAV-OEA.

The condition for the negotiation is the pullback of police and EPS troops from El Cua, San Jose de Bocay, Wiwili, and surrounding areas. "We cannot accept government representatives who have DGSE escorts. The government must request ONUCA officials to provide security at the negotiating site," the organization asked.

The communique is signed by Commander Dimas, Commander Rojito, and Commander Cinco Pinos.

Rebels Enter Northern Towns, Stop Buses

PA0807150291 Managua BARRICADA in Spanish 2 Jul 91 pp 1, 12

[Text] A former officer of the Government Ministry and a demobilized member of the Sandinist People's Army (EPS) were shot to death in the northern part of the country during a weekend that was characterized by the incursion of armed groups in different towns of the region and mobilizations to demand solutions to the land problems of the demobilized people of the Nicaraguan Resistance [RN] and the EPS.

According to Juan Ramon Huerta, BARRICADA correspondent in Matagalpa, groups of rebels have been lingering around the towns of Pantasma and Wiwili, as well as the city of Jinotega this weekend. They were only able to enter the town of Pantasma, where they stole weapons, uniforms, and other materiel from the small local command post.

A day before, they had been lingering around the town of Wiwili, but were unable to enter. According to the police, there was no damage to report.

During the night of 30 June, a group of 60 men armed with rifles and support weapons tried to enter Jinotega via Los Papales, east of the city, however they were detected by the police and the EPS, so they decided to leave without incident.

Almost daily, during early morning and nighttime hours, armed groups move along the road between Matagalpa and Jinotega. According to witnesses, the rebels stop vehicles and question passengers.

On 28 June, a bus traveling from Wiwili to Jinotega was stopped and its passengers were stripped of their belongings and their cash.

A bus traveling to Managua was stopped early on 1 July near the Palmira checkpoint, south of Jinotega. The same happened to trucks belonging to the Cotraguse enterprise. After searching the vehicles and passengers, the rebels allowed them to continue.

Several Las Segovias municipalities are tense because of actions by retired members of the EPS, demobilized RN members, and members of the Front for the People's Struggle [FLP], who have made a number of demands from the government that have gone unfulfilled.

In Esteli, EPS and MINGO [Government Ministry] retirees blocked the northern and southern exit roads, and only allowed access to police cars, ambulances, and vehicles operated by ONUCA [United Nations Observer Group in Central America] and the CIAV [International Commission of Support and Verification], according to a report by BARRICADA correspondent Martha Marina Gonzalez.

Napoleon Rodriguez, a member of the retired officers' regional directorate, said that they will not yield in their demands until the government gives approximately 600 former officers plots on which to build houses.

From Somoto, Arsenio Lopez reported that at 0530 on 1 July the road leading to Telpaneca was taken over by demobilized RN and retired EPS and MINGO personnel, in addition to FLP and National Cooperative Federation members.

Telpaneca is isolated from the other municipalities in Las Segovias because the roads from Palacaguina and San Juan del Rio Coco are barricaded. Various public offices, including the mayor's office, have been taken over in support of demands by residents, producers, and demobilized EPS and RN members.

Pablo Rosales Alaniz was found dead during the early hours of 1 July with multiple knife and bullet wounds. He was a MINGO officer and a Sandinist.

Captain Ricardo Cortes, chief of police for San Rafael del Norte, La Concordia, and Yali confirmed that Rosales had been viciously attacked and suffered multiple wounds.

Rosales is believed to have been killed on the night of 30 June. His body was found by peasants at the El Destino junction, opposite Las Colinas settlement. No arrests have been made and the police are investigating.

In another turn of events, former EPS Lieutenant Silvio Rivera Andrade, 30, originally from Chinandega, but living in San Sebastian de Yali, was murdered during the afternoon of 30 June, presumably by the brothers Jesus, Enrique, and Agustin Zeledon Castro.

The criminals, former RN members, after killing Rivera, stole two horses and a tape recorder and fled, journalist Francisco Rodriguez reported from Jinotega.

Reports from Yali indicate that they headed toward their hometown of Waslala.

Some say that the murder stemmed from an old quarrel over a plot of land outside the town.

Panama

U.S. Ambassador Accused of Plotting Coup

PA0807192791 Panama LA CRONICA in Spanish 3-10 Jul 91 p 2

[Text] In an exclusive interview for LA CRONICA, Legislator Miguel Bush Rios has stated: "The M-20 [20 December Movement] was fabricated by the U.S. Southern Command, specifically by the [word indistinct] Battalion of Military Intelligence to justify its presence in Panama, since there was no army after the invasion."

Legislator Bush added: "This was done so that they could remain longer than had been stated by President Bush in his address the day after the invasion began. It is also being said that Colonel Eduardo Herrera [former Panamanian Defense Force officer who led failed coup attempt in December 1990] was taking part in everything with Col. Steele. [no closing quotation marks as published]

In closing, Legislator Bush, who is from Colon, added: "The arrest of McKenzie [accused M-20 leader] was just a smokescreen from behind which Col. Steele and Deane Hinton are trying to conceal the coup they want to carry out against Endara."

Linares Acknowledges U.S. Aid, MLAT Tie

PA0907012591 Panama City Circuito RPC Television in Spanish 2300 GMT 8 Jul 91

[Text] The Legislative Assembly has decided to return the Mutual Legal Assistance Treaty [MLAT] to commission in compliance with constitutional procedure. In response to the urging of President Guillermo Endara Galimany, the Legislative Assembly began extraordinary sessions this morning to approve or reject the MLAT, signed by the governments of Panama and the United States. In the first session today, which lasted a record 45 minutes, Foreign Minister Julio Linares outlined briefly the most important aspects of the treaty, the objective of which is to establish more effective cooperation between the two nations in the investigation, trial, and suppression of serious crimes related to drug trafficking.

After the foreign minister's presentation, the legislators agreed to send the treaty back to commission, thereby complying with the appropriate legal requirements.

[Begin Legislator Olimpo Saez recording] The Constitution clearly states that for a law to be approved, it must be discussed on three different days. Therefore, since the foreign minister has returned the draft law for presentation before the plenum, the usual procedure is for the assembly president to return it to commission. The commission then holds the first debate, which we are going to do today because of the great urgency. Tomorrow, we will present the law for discussion in a second debate. [end recording]

Meanwhile, the foreign minister, who has said on various occasions that the treaty in no way undermines our country's sovereignty, acknowledged that economic aid is linked, to a great extent, to the approval of the treaty.

[Begin recording] [Foreign Minister Linares] It is true that one of the aid programs agreed upon with the United States—and I refer specifically to the program for helping to underwrite the budget—establishes that the second and third allotments would be disbursed—I think that each of these allotments is for the sum of $42 million—only if this treaty is being negotiated in good faith. That is established in the aid agreement. However, I can say that this treaty was not signed just because of that clause.

[Reporter] What sum of money are we talking about?

[Linares] We are talking about $82 million. Moreover, if we consider that we are talking about $82 million, it would be unspeakably stupid of us to sign a treaty of that type, which could affect our financial center, for just $82 million. It would be an insult to the intelligence of any negotiator.

[Reporter] Could amendments be approved by the U.S. Senate, while no amendments are provided for in Panamanian law?

[Linares] Yes. Under Panamanian law, the assembly can only approve or reject. The U.S. Senate can, in the phase of approval or consideration by the Senate, present amendments. You should know that any amendment that the U.S. Senate attaches to the treaty has to be brought back to the Panamanian Legislative Assembly for approval or rejection.

[Reporter] What does this mean?

[Linares] If the amendments are not approved, there is no treaty. [end recording]

PDC Member Scores Call for Special Sessions

PA0907035191 Panama City EL PANAMA AMERICA in Spanish 8 Jul 91 p 6a

[Article by Christian Democratic Party Legislator Guillermo A. Cochez]

[Text] Using his constitutional and legal rights, the president of the Republic has decided to convene the Legislative Assembly to special sessions with the sole and exclusive purpose of debating the MLAT [Mutual Legal Assistance Treaty]. This decision indicates that the president has reduced the country's problems to only one: obtaining the promised 82 million balboas in aid from the United States.

Evidently the problem is not the approval of this international agreement, as it is already known that most of the PDC [Christian Democratic Party] legislators will favor it and the PRD [Democratic Revolutionary Party] has already stated it will go against it. The problem lies in

another area. The people, who are wiser than an owl, are asking themselves: Why has President Endara not included the Social Security Board [CSS] problem in these special sessions if he dramatized this issue to such an extent? Why has he not included it now that the Legislative Assembly's health commission, headed by [PDC legislator] Gloria Moreno de Lopez, has advanced so much in this matter? Minister Mario Galindo announced that the tax reforms would bring so many benefits to those who earn less. Why was this issue not included in the special sessions? Why not consider other important proposals, such as the civil service proposal presented by the PDC, if the executive branch itself has said that this program is almost ready?

At a glance, President Endara's summons for special sessions is, in addition to being incomplete and cowardly, for utilitarian purposes. It was issued to find, like a lost treasure, the $82 million that were reportedly promised by the United States for the MLAT's approval. And some people may harbor the illusion that these funds will allow them to find additional posts. I am a Panamanian who supported the North Americans' liberating action in December 1989, but I am not afflicted by the blindness which seems to prevent others from seeing that the U.S. economic aid, although effective in other areas, did not fulfill the citizenry's expectations. Aside from getting this aid, the government must be coherent and have other priorities, like the CSS.

It is necessary to ask two questions in this analysis: Why include only the MLAT in the summons, above all when it could have been approved in the regular sessions which ended on 30 June? Why no. include in the sessions the reforms to the CSS organic law and the tax reforms, as well as other social laws to control corruption and abuse?

Therein lies the explanation to the government's cowardice, as well as its inability to sponsor a settlement with the PDC parliamentary bloc of 28 deputies, which President Endara, of his own free will, decided to turn into the opposition in April. He was unable to sponsor this settlement on behalf of the executive branch, and when we prepared to discuss the MLAT, he vetoed the second part of the 13th month bonus without a valid excuse.

Legislative Assembly leaders are equally responsible because they never had the capability or determination to seek a settlement with the PDC parliamentary faction—to end once and for all, with President Alonso Fernandez' signature, the controversy about the bill which imposes limitations on the negotiation of $10-million loans by the executive branch. The bill was vetoed twice by President Endara even though a yea vote was cast, given the Legislative Assembly's insistence, by more than two-thirds of its members.

The government fearfully refuses to discuss the CSS reform laws, even though, after 18 months at the helm, it knows nothing about the financial and administrative situation of the CSS. It acts, not out of the need to correct all of the CSS flaws once and for all, but due to the need to make the partial changes outlined by the IFI's [international Finance Organizations] to solve the problem of making the republic worthy of international credit. All this would be discovered in any type of session, be it ordinary or special, above all when IFI representatives accept that the second part of the 13th month bonus—which the government today denies its employees—will be given to the CSS to alleviate its financial burden.

It would be inconceivable to wait for the ordinary legislative sessions in September to discuss what the PDC deputies had announced with such enthusiasm and zeal, simply because it is preferable to discuss them during the special sessions—even if it entails long work hours and no additional pay. There will be more problems, more crises tomorrow. In September we will have to put our shoulders to the wheel concerning the canal and the increasing unemployment that will result from the closure of the military bases. In sum, we will have a whole load of work and, since President Endara's administration is tackling problems at a snail's pace and scuttling sideways like a crab, the time bomb we have in front of us—without excluding the rulers or the ruled—will eventually explode under our very noses. We hope that those who lead our destinies with such timidity, lack of vision, and insecurity will not realize this when it is too late.

Further on Killing of U.S. Soldier

PA0807180791 Panama City EL PANAMA AMERICA in Spanish 8 Jul 91 p 8C

[Report by Juan Pritsiolas]

[Text] U.S. soldier Peter Sithole [name as published] was murdered early on the morning of 7 July near a gasoline station in the Cerro Viento neighborhood after he was involved in an argument with four other individuals, apparently also U.S. citizens.

Sithole, 23 years old, a resident of Fort Clayton and married to a Panamanian, was shot in the forehead, presumably by another U.S. citizen who, prior to the action, had been with the victim and other U.S. citizens at a barbecue restaurant on Tocumen Avenue.

A U.S. Army South spokesman said he was unaware of this report and indicated that the death occurred at approximately 0100 on Sunday morning.

An official source disclosed to EL PANAMA AMERICA that an incident occurred when agents from the assistant district attorney's office proceeded to order the transfer of the body to the morgue and U.S. authorities sought to take the body under their jurisdiction.

Although the members of the assistant district attorney's office sent Sithole's body to the Santo Tomas Hospital morgue, the body was subsequently transferred to another hospital facility under U.S. control.

Electoral Tribunal Cancels Parties' Legal Status

PA0807201291 Panama City LA ESTRELLA DE PANAMA in Spanish 5 Jul 91 pp 1, a2

[Report by Hermes Sucre Serrano]

[Text] An Electoral Tribunal spokesman has reported the annulment of the six political parties that obtained less than 3 percent of the valid votes in the May 1989 elections and the January 1991 partial elections.

The source stated that decree 146 of 1 July 1991 canceled the legal status of the following parties: Republican Party, Authentic Panamenist Party, National Action Party, Democratic Workers Party, Revolutionary Panamenist Party, and the People's Party. These organizations lost their legal status because they did not obtain the minimum amount of votes required by the electoral law.

Based on the voting results of the May 1989 general elections and the 27 January 1991 partial elections, the following parties will maintain their legal status: Liberal Party, Democratic Revolutionary Party, Christian Democratic Party, Nationalist Liberal Republican Party (MOLIRENA), and Labor Party.

The decree was signed by the following Electoral Tribunal magistrates: Guillermo Marquez, president; Eduardo Valdez, vice president; and Dennis Allen, nonvoting member. Electoral Tribunal General Secretary Guillermo Pianetta has ordered that the records of the parties that have lost their legal status be closed and filed.

The Electoral Tribunal has also instructed the Electoral Organization Directorate [Direccion de Organizacion Electoral] to stop registering new members to the political parties that have lost their legal status. The decree further stipulated that, in accordance with articles 61, 64, 65, 68, 70, and 86 of the electoral law, the minimum number of registered members necessary to form a new political party is 18,220.

Chorrillo Homeless To Protest at U.S. Embassy

PA0707142691 Mexico City NOTIMEX in Spanish 0930 GMT 7 Jul 91

[Report by Edelmiro Franco]

[Excerpt] Panama City, 7 Jul (NOTIMEX)—The U.S. invasion of Panama left its biggest scar on the people of Chorrillo neighborhood, who will protest tomorrow in front of the U.S. Embassy to demand indemnification for the 20 December 1989 bombings.

El Chorrillo, a low-income neighborhood in western Panama City, surrounded the headquarters of the defunct Defense Forces, the main operations center of ousted General Manuel Antonio Noriega.

The headquarters and the humble homes of the people of Chorrillo were the first targets of the bombings in the U.S. invasion early on 20 December.

Chorrillo leader Hector Avila explained to NOTIMEX that "the Chorrillo people are going to fry fish, be with their children, and take the cots and cartons the gringos gave us. We will play domino, cards, and bingo."

He said that they will not prevent people from entering the embassy, but, if they are repressed by the police, they will block the Bridge of the Americas, which links Panama City with the country's interior.

With the action at the embassy, we want to tell the world that 19 months after the invasion, which cruelly and inhumanely displaced us from our homes, we are treated like pariahs, Avila commented.

The Chorrillo war homeless, as they are known, include approximately 2,800 families, which add up to 19,000 people, 9,000 of them children.

The organizers of the protest plan to gather 300 people over staggered periods of time in front of the embassy beginning at 1600. They said they will not leave until they meet directly with Ambassador Deane Hinton.

The Chorrillo people decided to hold the unusual protest to demand a dialogue with Hinton because, according to them, the U.S. diplomat is the one who "rules in this country."

The Chinese who lacked identification papers told Hinton about their problems and something was done about it; the same thing happened with the Cuban exiles who received visas, and with the Salvadorans, whose problems were solved. Hinton is definitely the one who rules here, Avila explained. [passage omitted]

Argentina

Di Tella Sees Change in Views of U.S., Others

PY0607000791 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1722 GMT 5 Jul 91

[Text] Buenos Aires, 5 Jul (NA)—Foreign Minister Guido di Tella today stressed that in both the United States and Italy he could see a "change of perception" in the way the current Argentine economic program is developing and that this is, in fact, a more favorable perception.

He said that such "perception" seems to support the idea that Argentina, along with Chile and Mexico, is leading economic change in Latin America.

The official added that the possible participation of Cuba in the next presidential summit to be held in Mexico will depend on "some changes" in Cuba's political and economic situation.

During a press conference, Di Tella reported on the results of his recent tour abroad, the first leg of which was to Washington, "where the main topic was the signing of an agreement" between Mercosur [Southern Cone Common Market] countries and the United States, "creating a negotiation mechanism that should finally lead to the creation of a free-trade zone."

He said that a meeting held with the head of NASA opened "the possibilities for Argentina to engage in peaceful cooperation in the field of space technology, after we finally get rid of the project blocking cooperation, known as the Condor project."

He also commented on his meeting with Secretary of State James Baker, with whom he analyzed bilateral issues, and with Secretary of Agriculture Edward Madigan, with whom he confirmed "the U.S. determination to introduce agriculture in the Uruguay Round of GATT talks."

He said that now "there is a noticeable change of perception of Argentina on the part of businessmen and sectors who are interested in Latin America."

He said that in the United States he could feel that "Argentina has clearly joined the group of countries that, like Mexico and Chile, is leading economic change in Latin America."

He said that he also had this impression during his meetings with former Secretary of State Henry Kissinger and with IMF directors.

He said that in France "I had a big surprise. I had the impression that France was the European country in which the public was perhaps less aware of the changes in Argentina, but I did not find that."

He said that his meetings with high-ranking officials of the Mitterrand administration "were very good and, as Laroissier (of the Central Bank) put it, they were formidably good."

Concerning the latest events in Argentina, he said that "there have been major changes since 1983, like the changes in 1880-90."

Asked whether he was also considering the changes that occurred in 1945, he replied that "I am including everything."

He was then asked, with a touch of irony, if now "we are doing fantastically." He answered positively, but made some observations.

In the first place, he stressed that in 1983 "there was not just something good but something really spectacular, the reestablishment of stable and permanent democracy."

"It is something spectacular to have a democracy. Did we think 10 years ago that we could have a democracy? No. Now we think we can. Well, that is a historical change," he said.

In this regard, he said "many people should be credited for this. (Raul) Alfonsin shares a very important part of that credit." He noted, though, that "the reestablishment of democracy is a collective action of Argentine society."

He said that there was a healthy reaction after the hyperinflationary process of 1989, when the "socioeconomic disintegration of the country" was in sight.

"Two years later, Argentine society overcame that crisis with the current conversion plan, which is a serious attempt" to order a series of economic variables, he said.

He said that completion of the implementation of all the reforms that were introduced by this government "will take, let us say, 10 years."

He explained that "this does not mean that people are fine, that people will be fine at the end of each month, that there is economic progress and wellbeing."

But "the groundwork for the change has been laid. I am absolutely and completely sure that in 10 years Argentina will have found the path toward prosperity," he stressed.

He added that "we ourselves have built Argentina's misfortune with very longstanding isolationist policies."

Concerning more practical matters, Di Tella said that six investment and guarantee treaties were signed, and that the agreement that was signed with France "is a major step forward."

He said that negotiations are under way over at least 20 treaties of the same type, within the framework of the current privatization process in which the government is engaged.

In this regard, the minister said that "investors are enthusiastic about privatization."

He reiterated the remarks by Laroissier. The things he said "are very encouraging," and they highlight the "courage of the government, of the president (Carlos Menem) and his perseverance" to keep the current economic course.

He said that there were praiseworthy commentaries [words indistinct] presidential strictness toward the situation in his own province, La Rioja.

Concerning the next presidential summit to be held in Mexico and the possibility that Cuban leader Fidel Castro may attend it, he said that "there is no problem in this regard."

He said that "the presence of Cuba" in the system of the Americas "is highly desirable."

He said, however, that a precondition for this is "the occurrence of some major changes leading to an economic and political opening in Cuba."

This "rejoining" should be the consequence of the adoption of "joint policies in subjects like democracy, press freedom, and multiparty systems."

When asked about human rights, Di Tella replied that "this is essential." He said, however, that Latin America "is incomplete without Cuba."

Uruguay's Lacalle Arrives on Official Visit

PY0807144291 Buenos Aires TELAM in Spanish 1351 GMT 8 Jul 91

[Text] Buenos Aires, 8 Jul (TELAM) — Uruguayan President Luis Alberto Lacalle arrived at 1030 [1330 GMT] at the metropolitan port on board the frigate Uruguay, thus beginning an official visit. He will meet with President Carlos Menem and participate in the independence day celebrations that will take place in Tucuman on 9 July.

Lacalle was met by Menem, Vice President Eduardo Duhalde, and the ministers of the executive branch.

During his visit, Lacalle will also meet with Raul Alfonsin, Civic Radical Union president and with Deputy Alvaro Alsogaray.

Economy Minister Cavallo Evaluates Budget

PY0907023091 Buenos Aires Argentina Televisora Color Network in Spanish 2327 GMT 5 Jul 91

[Speech by Economy Minister Domingo Cavallo at the Economy Ministry in Buenos Aires on 5 July—recorded]

[Text] Countrymen, early last March I delivered a message on television to inform you on the fiscal figures for February 1991 and on the predictions for March and April.

Some of you will recall that we talked about a collection goal of $1.85 billion for March and $2 billion monthly starting in April. I also mentioned that we planned to achieve a primary surplus before meeting the internal and external financial cost of $300 million monthly. One hundred million dollars will come from the surplus of collection in relation to expenditures, and the remaining $200 million monthly will come from privatizations or the sale of government property.

Because the internal and external financial costs were approximately $300 million monthly, the April-June quarter will close with a balanced budget for the first time in many years. Therefore, I can say tonight with satisfaction that we have not only reached that goal but that we have even slightly surpassed that goal.

The overall collection for this quarter was $6.8 billion. Revenues from privatizations reached $600 million and the overall expenditures, including the internal and external financial costs, reached $7.4 billion. Therefore, the April-June quarter ended in a well-balanced budget.

It would take us too long to analyze in detail the composition of expenditures, but a simple comparison with the same quarters in 1990 and 1989 can be an illustration. Of the $7.4 billion for expenditures, the disbursements for paying pensions reached $2.1 billion, which represents an increase of 30 percent in relation to the payments made to all the people on retirement the same quarter in 1990, and a 60 percent increase of the payment made in the same quarter of 1989 before the transfer of power from President Alfonsin to President Menem.

The provinces received for federal co-participation and other transfers $2.3 billion, which represent an increase of 30 percent in relation to the same period in 1990, and an increase of 50 percent in relation to the same period in 1989. This is very significant because the provinces have the responsibility of taking care of social expenditures, that is education, health, social assistance, security, and justice.

Payments to the personnel of the national administration, especially to teachers and other public servants, reached $1.1 billion in the April-June period, which represents an increase of 10 percent in relation to 1990 and 1989. As the number of public employees has decreased, this means that medium-level salaries have improved from 10 to 20 percent according to the basis for comparison used. All other expenditures—such as the purchase of nonpersonal goods and services, the purchase or construction of capital goods, subsidies, and the payment of state enterprises' deficits—reached $1 billion. This amount is 40 percent less than in 1990 and 50 percent less than in 1989. In other words, the bureaucratic public expenditures that have nothing to do with social objectives were reduced while the resources for retirees, provinces, teachers, and other public servants have increased. The payments for internal and external

interests have also been reduced. In other words, this represented less burden on the budget for this quarter.

In the July-September quarter that is just beginning, the budget goals are the following: We hope to collect for all programs $7.5 billion, that is an increase of 10 percent in relation to the April-June quarter. We expect to collect this amount with the taxes currently in force, disregarding any changes that might be made with the draft laws being debated in Congress.

We plan to get $400 million from the sale of government property and privatizations. We will use these resources to pay the expenditures of the financial costs of $7.1 billion and to pay the internal and external financial services of $800 million. In other words, in the July-September quarter we will close the quarter again with a balanced budget. Starting in the last quarter of this year, we have an even more ambitious goal: accumulate external reserves financed with the budget surplus in order to prepare ourselves adequately for the overall renegotiation of our debt with our external creditors.

Let me now explain the monetary policy. It is very simple. Last April when I talked to you about what it would mean to implement the convertibility law, I told you that from that time no printing of money would be made without the backing of gold and foreign currency. I can show you now that we have strictly followed this rule. The monetary base that on 1 April was 48 trillion australes and was backed by $4.62 billion in gold and foreign currency, and $180 million in bonex [dollar denominated bonds] has now reached 56 trillion australes by 30 June, and it has the backing of $5.4 billion in gold and foreign reserves, and $200 million in bonex. The amount of bonex is similar to the amount at the beginning of the program, that is the accumulation of gold and foreign reserves were practically the same in relation to the increase of the monetary base during the quarter. The backing of the austral is the same as it was on 1 April.

We can say without any doubt that both the fiscal and monetary management are very strict and ensure the necessary economic basis for the stability of the economy.

We will continue to strictly implement this policy, because it is in line with the convertibility law and because it is essential for consolidating the atmosphere of stability that we achieved in April, May, and June.

Before addressing the issue of salaries and prices, let me say something about the debates that you have surely witnessed in recent weeks over radio, television, and in newspapers. These debates have dealt with new taxes, consolidation of retirement debts, financing the social security system, real estate tax in the federal capital, and the problems of some provinces and provincial banks.

Some analysts have concluded that these debates reflect a fiscal imbalance and since Congress does not seem willing to rapidly approve our proposals, the convertibility plan could collapse, thus permitting the return of hyperinflation. I would like you to calm down. There is no risk whatsoever that we will abandon the convertibility plan. We will strictly implement it even if none of the many bills that congressional committees are now studying are approved by Congress before the elections.

The congressional delay in approving the laws will delay meeting the legitimate demands of retired workers and pensioners, because we will not print money—despite deeply regretting our inability to increase their allowances or pay the debt that society owes to them. Printing money would harm them even more because retired workers and pensioners are the group most badly hit by inflation.

To convince you that there is no risk of the lack of a congressional quorum jeopardizing stability, I will take some time to explain to you why we need the laws that Congress is studying and how we will manage if they are not approved.

The fiscal accounts that I outlined for the July-September quarter do not include expenses resulting from the increase in retirement stipends. Neither do they include higher treasury contributions to the social security system to pay the 82-percent adjustable allowance for teachers or to pay the debt owed to retired workers. This debt originated with the failure to pay legally established allowances.

When Congress approved the social security laws, it did not simultaneously approve laws for the provision of necessary funds. Therefore, the executive branch cannot pay these allowances unless Congress approves the laws that generate enough revenue and create an orderly system for meeting these obligations. Consequently, we have submitted a comprehensive tax reform bill. We have proposed specific changes in allocating some tax revenues so that the social security system can receive more funds. We have designed a retirement allowance consolidation system in order to equitably honor the large debt that the Social Security Institute owes retired workers and pensioners.

Thus far, we have not succeeded in making Congress debate these initiatives. Despite its willingness to pay the debt owed to retired workers, the executive branch will not be able to do so if these laws are not urgently approved.

Other issues—such as changing the date for payment of the end-of-year bonus or transferring the real estate tax that must be paid by federal capital inhabitants to the treasury, which is equivalent to transferring the responsibility for paying judicial branch, police, education, and health expenses to Buenos Aires City Hall—are new rules of the game that are necessary to facilitate the transition toward stability and to ensure social justice.

These initiatives are neither the subject of sterile arguments nor indications of fiscal greed. The failure of the

Chamber of Deputies to approve the law on staggered payment of the end-of-year bonus because of a lack of quorum will not destroy the economic plan, but it has caused an growth in interest rates and will make it a little more difficult to reduce inflation in July.

Today, however, the government completed paying the end-of-year bonus to all of its active employees. All retired government workers will receive this bonus in the next few days, along with the June allowances. This shows that our initiative was not merely seeking to increase fiscal revenues. Actually, it could not have had any fiscal objective because the end-of-year bonus was not changed and the only modification was the time when payment was scheduled.

It was important and still is important that in the future, workers do not all receive their end-of-year bonus during the same month. It is impossible to understand why, after payment of the end-of-year bonus that corresponds to the first half of the year, some lawmakers continue to block approval of the modification to permanent regulations for the end-of-year bonus. In the immediate future, this would mean that in July—and, consequently, in advance—some workers could begin collecting part of the end-of- year bonus that will fall due in December.

As for real estate taxes in the federal capital, we are not seeking to collect the same tax twice, but to assign collection of this tax to the government organization responsible for rendering the services that are typical of a province. The executive branch has no problem in allowing city hall to collect this tax, provided city hall takes care of judicial branch, police, health, and education expenses.

We are working with municipal workers to implement this system on 1 January 1992. Therefore, we should only have to provide compensation for a difference in the cost of these services between today and December. We are trying to accumulate additional savings in order to avoid levying a new tax for only six months. Therefore, it will not be necessary for Congress to debate the bill on new real estate taxes in the federal capital for the time being.

There are also many comments that legislators will reportedly demand that the Economy Ministry earmark funds for some provinces or some provincial banks as a precondition for gathering the necessary quorum to debate the bills that are being studied. I want to be very clear in this regard. No one should believe that we will give up fiscal discipline and support provincial mismanagement in order to facilitate the approval of laws. It would be foolish on our part because this would undermine confidence in the convertibility plan.

President Menem, in a decision involving the bank in his own province, has given a signal on the treatment that will be given to provinces facing fiscal problems. Provincial banks will not be allowed to finance government deficits. If necessary, all help granted for adjusting and restructuring local finances will be conditioned to the liquidation of institutions that are unfeasible.

Today the provinces must manage with their own funds and with the funds that they receive through the federal coparticipation system. Since the latter has significantly increased, if a province still has a deficit, its only alternative is to make the necessary adjustments. This is inevitable.

To sum it up: All of you can be sure that we have the national administration's budget and fiscal accounts under absolute control. The entire cabinet has been working as a team to strictly implement the budget for the rest of the year, in total agreement with the fiscal and monetary program we designed and presented to multilateral credit organizations. Consequently, there is no risk whatsoever that we will violate the convertibility law. Our currency's value is, without a doubt, perfectly well guaranteed. No one should fear the future evolution of the exchange rate. The peso, which on 1 January will be equivalent to the dollar, will maintain its value for many years—I would dare say, for decades.

Now let me talk about prices and salaries and, in more general terms, about inflation.

When I addressed you in early May to analyze the evolution of April prices, I told you that despite the fact that we managed to drastically reduce the inflation rate, we had not yet won the final battle for stability. Today, I would like to reiterate that we have managed to reduce inflation to international levels for wholesale prices of nonagricultural products.

These prices rose an average of .5 percent per month during the April-June quarter. Since the price of the dollar was not necessarily stable during this quarter—on 1 April the dollar stood at 9,500 australes—the wholesale price variation is very satisfactory.

Wholesale agricultural prices were different. Prices for cereals and oil-bearing seeds in April and cattle in May and June increased significantly, as did those for chicken and pork, fruit, truck farm products, and other fresh food items at the retail level. These increases can be traced to two causes. On one hand, these increases resulted from the price realignment for export agricultural products following the elimination of export taxes in April, and on the other hand, from seasonal supply-demand problems. The improvement in personal income brought about an increased consumption of meats and fruits.

In a country that was one of the world's main food suppliers in the past, we, unfortunately, have a shortage of cattle, hog, and chicken meat; milk; fruit; and truck farm products today because of incorrect policies that discouraged production for years. This is surprisingly true. However, this problem has a solution. The increases in consumer prices reflect profitability for producers and encourage more production.

Therefore, we have to be a little more patient because with a rising supply, the prices of fresh food items will fall. This will not happen overnight. To raise more chicken, cattle, and hogs requires time, but, surely, producers will do this. The same thing will happen with farmers, milk producers, and truck farm operators. For this reason, we should remain calm. The recent price increases are not indicative of continuous inflation originating from a lack of fiscal and monetary discipline. We are just suffering the consequences of a badly organized and poorly coordinated production system.

Within a climate of overall stability and in response to increasing demand, supplies should increase and prices should return to reasonable levels. There are other price increases that clearly reflect the reactivation of demand in nearly all consumer goods markets. I am referring to items such as restaurant meals, carry-out food, personal services, entertainment, and travel expenses.

It can be seen that the same goods are more expensive at the retail than the wholesale level; that is, the margin of retail sale profits has increased. This is a phenomenon that must not be confused with inflation brought about by fiscal deficit or money printing. The only way to fight these increases and eliminate this type of inflation is through greater competition and personally exercised control. The government cannot do it nor should it do it for you.

Let me be very clear on this. You personally have a tool in your hands since you can decide how and when you spend your australes. You should not buy items that are too expensive, that have increased too much; you should shop for cheaper alternatives. Watch where you shop because some merchants mark up their prices too heavily. We are asking that these merchants, for their own and everyone's good, opt for selling more instead of charging more.

You, families and consumers, are definitely the ones who can force them to change their attitude. Stop buying from them. What I am suggesting that you do is an everyday practice in all stable countries of the world. Wherever there is stability, it is because the government is doing its homework in the monetary and fiscal fields and families are also doing their homework. They watch their money and closely monitor how they spend it. I assure you that if we are decided, we will transform ourselves into a stable country.

I also want to be very frank with each of you, especially with the workers. The deterioration of family incomes as a result of these price increases cannot be resolved with nominal wage increases if production in the private sector does not increase nor if the public sector does not collect more taxes. If nominal salaries were to be adjusted under the justification of indexation—as occurred before the convertibility law prohibited it—the first ones to suffer would be the workers themselves and the retired people for a very simple reason: If salaries are adjusted based on past inflation, it would be impossible to maintain fiscal and monetary discipline. Then, two phenomena, whose combination is explosive, would simultaneously occur—the undervaluation of the dollar exchange rate and the issuance of money without backing. In a few months, or perhaps a few weeks, hyperinflation would again return, real salaries would again be on the floor, and recession and unemployment would occur.

We are not lying to workers and retired people when we tell them that nominal wage increases or straight adjustments are a fraud. We are telling them the truth. We must consolidate stability and preserve the reactivation; then we will quickly attain the economic growth stage that has been absent from our reality for so long.

It is important to wish to live better and not to satisfy ourselves easily. We must also be aware of the reality that surrounds us. Thanks to monetary discipline and the deep transformations in our economy, which cost us sacrifices for many years, we are benefiting from more price stability and the general economy has reactivated since April. Many indicators demonstrate this. More food, clothes, cars, and home appliances are being sold. Industrial electricity consumption has increased; more fuel is being sold; more people go to movies and theaters; more consumer goods, raw materials, and capital goods are being imported; job offers in newspapers are more frequent; and workers are working more extra hours. This means things are beginning to get better.

It is true that many salaries are still very low, that investment is still limited, and that there is still unemployment. All this is true, but we are on the way to obtaining more internal and external credit for our country and to receiving direct investments. If we continue on the path to stability and we comply with the plan we designed for the July 1991-June 1992 period—a plan that is also supported by the IMF managing director—by mid-1992 we will begin to experience a period of extraordinary growth. Capital and investment will return to Argentina, many new jobs will be created, and the standard of living for many Argentines will quickly improve, not as a result of magic, but because we will be making things better, more efficiently, with more austerity, and with more discipline. We will be working a great deal and efficiently. Thank you.

Senate Asks To Nullify Falklands Oil Licenses

PY0807162891 Buenos Aires CLARIN in Spanish 5 Jul 91 p 10

[Text] The Senate has asked the executive branch to proclaim, through its specific organizations, before the international community that any exploration or exploitation license granted by the United Kingdom in the Malvinas Islands "be totally null and void."

The chamber has also called for reassertion over the "national and public ownership" of hydrocarbon deposits.

The senators present unanimously approved two drafts, one informing the government and the other requesting information from the government, that were submitted by Radicals Luis Leon and Hipolito Solari Yrigoyen.

The draft includes the assertion that "no fait accompli or administrative act" implemented by London can be invoked as an "acquired right before the Argentine Republic when the Malvinas Islands are reintegrated into the national territory."

Solari Yrigoyen's initiative, which was also approved by all the blocs, asks the government to reveal whether the "exploration and exploitation of oil" in the Malvinas "was included" in the proposals agreed during the last meeting between the representatives of our country and those of Great Britain between 10 and 12 June 1991 in London.

Honduran Vessel Captured While Fishing Illegally

PY0807133091 Buenos Aires TELAM in Spanish 1150 GMT 8 Jul 91

[Text] Bahia Blanca, 8 Jul (TELAM) — The headquarters of the Argentine fleet in Puerto Belgrano has confirmed that, while carrying out its usual tasks, the destroyer Heroina sighted a 40-meter Honduran fishing vessel, which has a 500-ton capacity.

The fishing vessel Atlas Uno was sighted, inspected, and found to be carrying 20 tons of illegally fished shrimp.

The vessel, escorted by the destroyer, is heading for the port of Ingeniero White where it is expected to arrive at approximately 1500 this afternoon.

Report on Charges Filed Against Air Force Chief

Chief 's Played Down' Charges

PY0807031091 Buenos Aires BUENOS AIRES HERALD in English 7 Jul 91 p 4

[Text] (NA-DYN)—Air Force Chief-of-Staff Jose Julia yesterday reported "absolute" calm in the ranks and played down the malfeasance charges filed against him by Brigadier Tomas Rodriguez, his second-in-command.

"Things were perfectly well done," said Julia in reference to the controversial purchase of spare parts for 126 airplanes, at a cost of 18 million dollars.

The material was bought from three US companies without calling a tender. Rodriguez first denounced the irregular procedure and later accused Julia of refusing to make the case public and begin legal proceedings against the officers who has arranged the purchase, who received only house arrests as internal force sanctions.

Julia met Judge Martin Irurzun on Friday [5 July] and told the magistrate that he was open to a full court investigation and would hand over any documents or information requested. He added that the judge was free to probe any Air Force activities or department.

In statements to the press yesterday, the chief-of-staff further claimed the denunciation filed by Rodriguez "is not serious at all; in fact it's quite incredible."

Julia also recalled that Rodriguez was currently serving a 30-day house arrest for insubordination and that his retirement was being analyzed by President Carlos Menem.

Defence Minister Antonio Erman Gonzalez meanwhile echoed the views of Julia, saying "the situation in the Armed Forces is absolutely calm, especially in the Air Force."

He also praised the chief-of-staff for voluntarily turning up before Judge Irurzun to offer his cooperation in the court investigation.

Asked if Julia was backed by the government, Gonzalez said "as long as the officials continue to obey and enforce regulations, they will have the total support of their superior authorities."

The situation of Rodriguez is expected to be defined this week. Other members of the Air Force high command could be replaced in the next few days, including Brigadiers Jorge Zambizzi and Hector Petrich, currently serving house arrests for their part in the irregular spare parts purchase. It was also revealed that Brigadier Carlos Corino, second in line of succession to replace Rodriguez as deputy chief-of-staff, requested his retirement then days ago.

Menem Denies Intervening

PY0807034691 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2332 GMT 7 Jul 91

[Text] Buenos Aires, 7 Jul (NA)—President Carlos Menem today denied having intervened in the dismissal of Brigadier Tomas Rodriguez, the Air Force deputy chief of staff, and asserted that he did not interfere "at all" in the crisis that has broken out in this branch of the Armed Forces.

Thus, the president denied news published today in the morning newspaper CLARIN stating that Menem had ordered Brig. Rodriguez' replacement as a way of solving the crisis that broke out in the Air Force after Rodriguez filed legal charges against Brigadier Jose Julia, the Air Force chief of staff.

President Menem, who spent the entire day at Olivos Residence, asserted through his spokesman, Humberto Toledo, that he did not interfere "at all in the problem within the Air Force," and added that "Rodriguez' replacement was entirely decided upon by Julia."

The crisis among the highest-ranking Air Force officers began this week when Julia decided to apply a disciplinary sanction to the deputy chief of staff. Rodriguez filed legal charges against Brig. Julia with Federal Judge Martin Irurzun on alleged irregularities in the purchase of spare parts for 126 planes. The charges were denied by Brig. Julia.

Bolivia

Paz Zamora Promulgates National Electoral Law

PY0507192091 La Paz Television Boliviana Network in Spanish 1545 GMT 5 Jul 91

[Speech to the nation by President Jaime Paz Zamora on promulgating the Electoral and Sole National Registry Laws, from the main hall in the Government House in La Paz—live]

[Text] Distinguished members of the executive branch; Ministers of State; Mr. President of the National Senate; Mr. President of the Chamber of Deputies; honorable members of the legislative branch; Mr. President of the Supreme Court of Justice; Justices present; dear friends from the diplomatic corps, headed by the apostolic nuncio who in a demonstration of friendship accompanies us in historic actions; Mr. General Comptroller of the Republic; National Prosecutor; members of our Armed Forces High Command; Mr. Commander of the National Police; distinguished representatives of political parties represented in Congress; chiefs of congressional blocs; dear friends from the Bolivian media:

Welcome. We are pleased to have you here again at the Government House, the house of each and every Bolivian.

Dear fellow citizens, men and women of Bolivia, in the past this main hall at the Government House has been the stage for mutinies and uprisings, the stage on which people—nervous about the power they had gained or that which they had lost—passed. Today the Bolivian people under this democracy have consecrated this old hall as a place where cabinets are sworn in and from which the country can hear the announcements of the great steps taken toward the modernization of the state and the social and economic development of the Bolivian people.

This hall is also witness to the new role Bolivia is playing on the international scene. This hall has been graced with the presence of chiefs of state who have visited our country and it has become a quiet stage for the main cultural expressions of our country. This hall will therefore no longer be a hall of fear, conflict, or sectarianism. On the contrary, it is a privileged stage for national unity, dialogue, conciliation, and civilized and democratic coexistence among Bolivians. In the future, this hall will be the point of departure for great national initiatives.

This is why I must confess that in some places, in moments like the present one, I feel more than ever like the president of each and every Bolivian. Today the purpose of this solemn act is to promulgate the Sole National Registry [Registro Unico Nacional—RUN] Law and the new Electoral Law. Since the Bolivian people already know their main characteristics, I can be excused from giving a long explanation on the subject. There are, however, some issues I must stress due to their great importance.

First, I want to talk about the registration of all the citizens in this country through a technically well-prepared and appropriate mechanism which—through the national government, the political parties represented in Congress, the Church, and the National Police—guarantees the participation of all Bolivians legally entitled to vote. This is the democratic significance of the RUN, which must be added to other legal references in the field of personal identification of the citizenship and (?taxation).

The new Electoral Law also ensures the impartiality of the new electoral courts since each of their members will be elected by the unquestionable majority of two-thirds of the votes in the National Congress. This brings an end to the tradition of the unilateral and immoral imposition of electoral judges which existed in the past. The law reasserts the notion of total respect for the people's vote by allowing observations at the voting stations and by prohibiting the courts from annulling, at their own discretion, the results. The law likewise establishes—through the appropriate mechanism—legitimate representation of minority groups in the democratic process.

For the first time in Bolivian history, the participation of Bolivian citizens who live abroad has been recognized by allowing them to fully exercise their rights as citizens. We are thus defending the concept—upheld by the national government over which I preside—that all Bolivians constitute a single nation and are responsible for its future, including Bolivian citizens living in our national territory or Bolivians who have been forced to live abroad for various reasons. This decision is even more important because, as has been demonstrated by current statistics, we have witnessed the historical trend that the number of Bolivians returning to the motherland is greater than those leaving.

I cannot conclude this statement without stressing the fact that the Bolivian citizenship, with its different political, cultural, and regional expressions, has unanimously approved the new Electoral Law through its legitimate representatives in Congress. Thus ends the uncertainty and distrust that threatened to discourage people from voting and to undermine the basis of Bolivian democracy, which is founded on the transparency, purity, and legitimacy of the secret vote of each citizen.

Speaking honestly, the whole structure of the state of law and democratic institutions is built on a strong base of respect for the will of the people and the total transparency of the electoral system.

This, dear fellow citizens, is the great significance of this act and the reason behind my justifiable pride in promulgating these laws.

I also want to point out, as a Latin American, the following friendly and historical coincidence: As a sister country like Colombia is implementing a new constitution, Bolivia is promulgating these two essential laws for our democracy. This clearly demonstrates that the countries of this continent, which have come closer together through their shared historical struggles in the past, are building their present together. This fact also demonstrates that the need to modernize our states applies not only to Bolivia but to the continent and the entire world. May God bless our efforts. Thank you. [applause]

PLO Envoy Visits President, Radio Station

PY0507222991 La Paz La Red Panamericana in Spanish 0000 GMT 5 Jul 91

[Excerpt] Dr. Zuhdi Labib Terzi, the representative of Yasir 'Arafat, the president of the Palestinian Nation, visited Radio Panamericana today. Labib Terzi has been in our country since 2 July.

The former PLO representative [as heard] to the United Nations reported on his meeting with President Jaime Paz Zamora, as well as with legislative branch officials.

I brought a personal message from Commander Yasir 'Arafat for the president of Bolivia, who has ratified his support for the Palestinian cause, said Labib Terzi.

Labib Terzi pointed out that he has found full support in Bolivia for the holding of talks through the United Nations in order to definitely solve this problem. [passage omitted]

Commander Calls for Expulsion of DEA Agents

U.S. Envoy's Remarks Protested

PY0507185491 Madrid EFE in English 1842 GMT 5 Jul 91

[Text] La Paz, July 5 (EFE)—The Bolivian Armed Forces chief on Friday called for the expulsion of U.S. Drug Enforcement Administration (DEA) agents for alleged assault on Army members and trying to supplant Bolivian authorities.

Armed Forces Commander-in-Chief Gen. Jorge Moreira also added his voice to government and parliamentary protests against U.S. Ambassador to Bolivia Robert Gelbard's recent allegations of Army and official corruption and complicity with drug traffickers.

Moreira made the comments after a meeting with President Jaime Paz Zamora and dubbed recent insults to the Army, including one alleged physical attack, "an affront to the military institution."

He said the Navy lieutenant accused by Gelbard of running a corrupt base in the northern Santa Ana area had been assaulted by a DEA agent during an anti-drug operation last weekend.

He said another DEA agent had forced entry to an Army plane on June 17 to carry out chemical tests to see if it had been used to transport cocaine.

A U.S. Embassy spokesman denied DEA agents were linked with the Santa Ana attack and said the DEA did not have the equipment to make anti-drug chemical tests in Bolivia.

Ambassador Gelbard is due to end his controversial three-year term in Bolivia on Saturday after raising a storm of political protest.

An even fiercer political storm greeted Zamora's decision in June to allow U.S. troops into Bolivia to train the Army for the stepped- up fight against drugs there.

But Bolivia continues, after two years of U.S. pressure, to sign an extradition treaty with the United States saying drug traffickers would unleash a wave of violence in protest at the move. [sentence as received]

Bolivia is the world's second largest producer of cocaine after Colombia, with the annual coca-leaf crop accounting for some 20 percent of the country's gross national product.

U.S. Envoy's Remarks Denied

PY0507212391 La Paz Radio Fides Network in Spanish 1100 GMT 5 Jul 91

[Excerpts] Several denials have been issued in connection with the remarks by U.S. Ambassador Robert Gelbard against Bolivian military authorities and lawmakers. [passage omitted]

Also, Information Minister Mario Rueda Pena has denied the statement by the U.S. ambassador.

[Begin Rueda Pena recording] The concept of government is very general. What government official was responsible? This is what should be established, right? I am not afraid of anyone or anything. I am not accustomed to evading the responsibilities of my functions. I was not even aware that the antinarcotics operation was being performed. Therefore, I could not have ordered that invitations be extended to only two journalists to cover the operation.

The two journalists who covered the operation should also report who invited them. Why are they so silent? [end recording] [passage omitted]

Commander on Expulsion, Remarks

PY0607141891 La Paz Radio Fides Network in Spanish 1100 GMT 6 Jul 91

[Text] Armed Forces Commander Jorge Moreira has asked the president of the Republic, who is also Bolivia's captain general, to expel the U.S. DEA agents who attacked Navy Lieutenant Carlos Rebollo, captain of the port of Santa Ana de Yacuma.

[Beging Moreira recording] According to an Armed Forces member, it was not necessary to act that way; therefore, we are asking that the person who attacked the officer be identified. If such aggression is completely proven, we will demand that the individual be expelled. [end recording]

Foreign Minister Carlos Iturralde has no alternative but to support the people's protest against the U.S. ambassador's actions.

[Begin Iturralde recording] He had mentioned these things because he had to defend the DEA. In my opinion, in my capacity as foreign minister, the U.S. ambassador should not have made public [words indistinct]. He should have resorted to the Interior Ministry to make all the requests they deem appropriate. [end recording]

Agents' Abusive Behavior Denounced

PY0807171091 La Paz Radio Fides Network in Spanish 1100 GMT 8 Jul 91

[Report by Mariano Verdugo from Santa Ana de Yacuma; live]

[Text] Good morning. [Words indistinct] and abusive behavior in public brothels, by DEA and Umopar [Rural Area Police Patrol Unit] agents in Santa Ana celebrated the U.S. Independence Day on 4 and 5 July.

The Santa Ana residents were once again shocked at the way the DEA agents, exhibiting their absolute power over the town, began to celebrate the 4th of July very early in the morning. They shocked the local people who are not used to that type of celebration and who found it a rather frightening spectacle.

The celebration apparently lasted two days because DEA agents were seen drunk on the streets on their way to a brothel to continue to drink and to satiate their sexual appetites, and then later as they left after satisfying their desires.

It has been reported that the manager of the brothel has handed the local civic committee a written protest. Honorable National Deputy Dr. Fernando Iriarte Suarez confirmed that he also received the written protest. The deputy—who heads the Constitution, Justice, and Judicial Police Commission of the Chamber of Deputies—has told me that although the interior minister and the chief of the Special Antinarcotic Force signed an agreement here in Santa Ana a few days ago, the [word indistinct] abuses of their authority. He added that Umopar is not returning the personal belongings which it seized from the homes [word indistinct] and which the interior minister and the Umopar chief promised to return.

Deputy Iriarte Suarez said that Umopar members are erasing with one hand what their other hand signed and that Umopar should be called the Abuse Cartel. He thus protested the name, Santa Ana Cartel, given to the town by the antidrug agents. He said this name cannot be given to Santa Ana because the Umopar agents well know that the alleged [word indistinct] no longer live in Santa Ana.

Iriarte concluded by saying that during the next few hours he will fully report on the situation to La Paz, to the rest of the country, and to any other organization that may prove necessary.

The homes of those allegedly linked to drug trafficking continue to be seized and their owners are being arrested for investigative purposes. The antidrug agents have not so far filed any charges against those arrested or disclosed their names. Families in Santa Ana are extremely concerned over the situation but cannot do anything to help those being arrested.

The press has been trying to contact the Umopar chiefs based in Santa Ana, but it has been reported that they are not in town.

Brazil

Economy Minister Moreira Departs for Washington

PY0607022391 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 5 Jul 91

[Text] Economy Minister Marcilio Marques Moreira will depart for the United States tonight. On 8 July, Minister Marques Moreira will meet with U.S. Vice President Dan Quayle in Washington. Marcilio Marques Moreira will then meet with U.S. Secretary of the Treasury Nicholas Brady. On 9 July, the minister will participate in a luncheon offered by Nicholas Brady, Inter-American Development Bank president [as heard]. Marques Moreira will return to Brazil on 10 July.

Labor Ministry, Social Security Officials Resign

PY0807135091 Rio de Janeiro O GLOBO in Portuguese 7 Jul 91 p 5

[Text] Brasilia—High-ranking officials of the Labor Ministry and the National Institute of Social Security, INSS, resigned en masse on the evening of 5 July. Among them are: INSS President Jose Arnaldo Rossi; Labor Ministry Executive Secretary Olegario Jose Mundim; National Labor Secretary Jose de Lima Teixeira; and Aluisio Azevedo, former Labor Ministry special adviser and current Brazilian representative to the International Labor Organization.

In total, 11 Labor Ministry directors have resigned. None of them, however, explained their reasons for doing so. Last month, President Fernando Collor told Labor Minister Antonio Rogerio Magri to replace all the highest-ranking officials of the Labor Ministry.

Economy Minister Outlines Economic Priorities

PY0507213891 Rio de Janeiro O GLOBO in Portuguese 3 Jul 91 p 21

[Text] Sao Paulo—Economy Minister Marcilio Marques Moreira yesterday presented Sao Paulo businessmen with eight points of his policy to lead the country to modernization, to attract foreign investments, and to integrate it into the world market. The reaction was favorable because, in every point, "the agenda" contemplates greater freedom for private initiative. The minister, nonetheless, did not escape complaints over the shorter deadline established for payment of the IPI (Manufactured Products Tax).

The first of the minister's points refers to maintaining monetary austerity. According to the minister, there is no room for loosening the reins. The inertial inflation persists, and loosening the reins now would give it greater impetus. The fruits of this monetary austerity, which are reflected in the resumption of economic activities, must not be jeopardized. The second point foresees a broad fiscal and tax reform on the basis of suggestions made by noted tax experts. The idea is to reduce the burden and to broaden the tax base, thereby discouraging tax evasion and expansion of underground economic activities. Acting FIESP [Sao Paulo State Federation of Industries] president, Carlos Eduardo Moreira Ferreira, had specifically asked that businessmen be included in this point.

The third point deals with structural reform and the "elimination of bureaucratic red tape," based on a modern model. The minister considers the current system, which was suitable for the period following World War II, to now be outmoded. The fourth point calls for intensifying the privatization process, followed by the consolidation of a commercial opening.

Minister Marques Moreira said: "Our marginal position is not attractive to foreign investments. Despite the changes made recently, we are still out of step compared with Argentina and Uruguay."

The sixth point refers to an orderly exit from the price freeze. The minister said that in contrast to the impositions that characterized the previous ministerial administration, the sectorial chambers will now have more freedom to coordinate the process. The seventh point refers to normalization of international relations. Minister Marques Moreira said that Brazil paid $886 million in overdue interest on the foreign debt on 1 July, and that the negotiators have gone to get the support of 95 percent of the creditors to validate the agreement. He then explained that once the agreement is validated negotiations with the IMF will be initiated, seeking to obtain a stand-by [previous word given in English] loan.

The eighth and final point refers to the consolidation of a modern society so that the country can be definitively included in the world economy.

The economy minister had a busy agenda on his first visit to Sao Paulo since he assumed his post, and had to hear some complaints. Jose Ermirio de Moraes, president of the Votorantim group, warned the minister that shortening the deadline for collecting taxes will tend to increase tax evasion and to worsen the recession.

Moraes said: "Between paying a contract commitment and paying taxes, the businessman will opt for the first alternative."

According to Jose Mindlin of the Metal Leve Company, the businessmen's complaints do not mean they do not believe in the government."

Asking the economy minister to seek a solution to the tax collection deadline problem, Mindlin said: "We realize the government does not impose difficulties merely because it wants to, it imposes conditions because the circumstances demand."

* Freire Victory Initiates New Phase in PCB

91SM0362B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jun 91 p 5

[Article by Jose Paulo da Silva: "Freire Victory Initiates Phase of Change in PCB"; first paragraph is O ESTADO DE SAO PAULO introduction]

[Text] The party's new leadership is distancing itself from Marxism, and orthodox members are threatening to leave the party.

Rio de Janeiro—The Brazilian Communist Party [PCB] has radically changed its image. Although retaining the hammer and sickle on its red flag, the PCB has abandoned such Marxist-Leninist concepts as the dictatorship of the proletariat, imperialism, and a great many other ideas that have distinguished Marxist language for decades. The party has adopted the path of so-called democratic socialism. With the election of Federal Deputy Roberto Freire the day before yesterday to head the party, the PCB, influenced by the reforms in East Europe, has initiated a new historical phase, thus displeasing the orthodox Marxist-Leninists headed by lawyer Juliano Siqueira, actor and municipal councilor Francisco Milani, and architect Oscar Niemeyer, who are now threatening to leave the party.

The victory by the reformist wing, headed by Deputies Roberto Freire and Sergio Arouca (Rio de Janeiro) and journalist Luis Mario Gazaneu, confirmed the expectations of participants in the Ninth PCB National Congress, which was held at the University of Rio de Janeiro. At least 54 percent of the 763 delegates representing members all over the country voted for the reformists in elections for the PCB National Directorate, whose new members were called "supporters of glasnost" by Roberto Freire. The group headed by the Pernambuco deputy is promising to carry out the most thoroughgoing changes in the party's 69-year history. But reformists and

Marxist-Leninists avoided the most serious confrontation: the debate over changing the party's name and symbol, as desired by Freire, wound up being shelved, at least temporarily. That topic will probably be discussed at the meeting by the new National Directorate at which the deputy will be formally installed as chairman.

The Democratic Renewal slate, which has been responsible for significant changes—and which has the support of Salomao Malina, the PCB's current chairman—has profoundly altered the party's program, which now accepts the participation of private enterprise in the economy, provided that it serves a social function, and rejects total nationalization. "There has been radical acceptance of the democratic issue," said Freire. "That means alternation in power, pluralism, freedom, and individual rights," he explained. But the orthodox members disagree with Freire: "The PCB is still Marxist, and we are still Marxist-Leninists prepared to win at the next congress," responds Juliano Siqueira, a member of the Revolutionary Renewal slate.

* Biofar 'Trading' Firm Established With USSR

91SM0362C Sao Paulo GAZETA MERCANTIL in Portuguese 29 May 91 p 6

[Article by Cristina Borges]

[Text] Rio de Janeiro—Trade between Brazil and the Soviet Union has had a new participant since yesterday in the form of Biofar [expansion not given], a newly formed trading company that is a joint venture between the Soviet holding company Simaco [expansion not given] and Brazil's Biobras-Bioquimica [expansion not given], which manufactures insulin for diabetics. Initial capital totals $100,000, divided equally between the two parties.

Biofar has ambitious long-range goals which call for intensifying bilateral trade by identifying trade opportunities and partners interested in investing in industrial production in the two countries. The new trading company has specific features due to the participation of the Soviet partner, Simaco, which controls more than 100 enterprises in various branches of productive activity and which, despite its status as a state enterprise, has autonomous management, making it independent of business decisions made directly by the government administration.

The protocol of intention was signed in Moscow last February, according to Guilherme Emrich, who is president of Biobras and also president of the Brazil-USSR Chamber of Commerce. Biofar was formally established yesterday with the arrival in Rio de Janeiro of Simaco's director of the international area, Victor Nikulnikov, who spent six years in Brasilia as the Soviet Embassy's trade representative in Brazil.

Nikulnikov acknowledged that the USSR did not have much hard currency available for imports and that as a result, it would use what it had for more or less strategic purposes, one example being the reconstruction of agroindustry. As a result of the change in the Soviet economic system, state enterprises were given the freedom to operate, but they did not know how to go about it. "It was necessary to set up a new structure for those enterprises within the framework of a free market," said Nikulnikov.

Simaco, which was established six months ago, has a shareholding interest in all the plants that were producing military equipment and also in those that were operating under rules of military secrecy. It also took over the administration of all enterprises involved in the Soviet space program, which has been dismantled. Simaco's chief stockholders are the Bank of the Republic of Russia, Agroprombank [expansion not given] (the country's largest banking institution), and the association of Soviet industries. The holding company's [Simaco's] assets are estimated at $40 billion, a figure representing the value of its capital plus the property owned by the enteprises it controls.

All the technology developed by Soviet military enterprises is being converted for use in the production of civilian consumer goods.

Continuing that process requires the cooperation of foreign partners. Simaco's priorities are geared to the areas of telecommunications, agriculture and agroindustry, and the processing of wood, paper, and cellulose.

Chile

Terrorists Suspected of Bombing 2 U.S. Firms

PY0607194891 Madrid EFE in English 1911 GMT 6 Jul 91

[Text] Santiago, July 6 (EFE)—Suspected leftist Chilean terrorists bombed and torched property of three firms, including two from the United States, in separate attacks in the capital, causing damage and slightly injuring one person, police reported Saturday [6 July].

The suspected terrorists started a fire at warehouses belonging to U.S. fruit exporter United Trading Company (UTC) late Friday and also hurled a grenade from a passing car at the offices of another U.S. transport firm DHL Worldwide Express. A bomb was also detonated outside buildings of Chilean company Manufacturera de Papeles y Cartones.

Firefighters who extinguished the blaze at the UTC warehouses found a banner belonging to the leftist Manuel Rodriguez Patriotic Front (FPMR) terrorist group. The FPMR recently announced its intention to disband and form a political party after eight years of armed insurgency against the dictatorship of Gen. Augusto Pinochet, who handed over to democratically-elected President Patricio Aylwin in March 1990.

A security guard was injured in the grenade attack on the DHL offices but was later reported to be in stable condition.

UDI's Lavin on U.S. Pressure in Letelier Case

PY0507211491 Santiago Radio Cooperativa Network in Spanish 2300 GMT 4 Jul 91

[Report by Gema Contreras]

[Text] The Independent Democratic Union [UDI] has announced that it expects the government and the coalition alliance to get the United States to compensate Chile over the poisoned grapes case.

This remark was made by UDI Secretary General Joaquin Lavin in response to a question on a Senate vote approving the payment of compensation to the relatives of former Foreign Minister Orlando Letelier and his secretary Ronnie Moffit.

[Begin Lavin recording] The UDI believes that formulas must be sought to solve the problems with the United States and we believe that this is a reality.

We also believe that the way in which this agreement was negotiated is not good for our country's interests for a variety of reasons; I would basically say for three reasons:

First, as Deputy Juan Pablo Letelier has said, this decision represents an implicit admission of the Chilean Government's guilt in Orlando Letelier's assassination. I do not understand why Congress must admit this fact when the courts have not yet clarified it. We do not see why payment should be made and the Congress must admit it even though the courts have not confirmed such guilt.

Second, we are unfortunately yielding to U.S. pressure.

In our opinion, it is not by chance that Chilean congressmen traveled to the United States last week, nor is it by chance that we have seen widely publicized photographs of President Bush with Finance Minister Alejandro Foxley, signing an agreement on a minor reduction of our country's foreign debt. As Chamber of Deputies President Jose Antonio Viera Gallo said, those congressmen returned to Chile claiming that approval of the Bryant Committee agreement was absolutely essential because without it there would have been serious consequences for Chile. [end recording]

Joaquin Lavin said that the threats made by Bernard Aronson, a high-ranking U.S. Government official, compound this situation.

[Begin Lavin recording] We ask: What did the United States tell these congressmen during their visit? What pressures were exerted?

Undoubtedly, the United States is an important trade partner for us, but the Senate cannot discuss an issue if subjected to these pressures.

Third; the United States is very quick and it exerts all types of pressures seeking compensation for events in which it feels harmed, yet when the United States damages us it is not as quick to seek any settlement. I am specifically talking about the poisoned grapes case.

It is known that the grapes were poisoned in the United States. This has not been proven in any court proceeding but many of us are certain of this fact.

Why then does not the United States compensate Chile for the many millions of dollars that the poisoned grapes cost us? [end recording]

UDI Secretary General Joaquin Lavin concluded by stating that we expect that the coalition alliance and the government will get now the United States to compensate Chile for the poisoned grapes case.

Aylwin on Power Among Government Branches

PY0607023891 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 5 Jul 91

[Text] President Aylwin has agreed with the presidents of the Chamber of Deputies and the Senate that currently there is not a fair balance of power among the government branches.

[Begin Aylwin recording] In my opinion our democratic system, under our Constitution, does not establish an appropriate balance among the government branches. I believe all Chilean democrats, those with a democratic tradition, are convinced of this. In the future, I hope that our efforts to improve the democratic system will include corrections so as to establish a better balance among the government branches. [end recording]

Police Protection Ordered for Education Minister

PY0807142091 Santiago Radio Nacional de Chile Network in Spanish 1100 GMT 8 Jul 91

[Excerpt] Education Minister Ricardo Lagos has said that he has not received any more anonymous threats and that he remains calm.

He said that for the time being, it is necessary to maintain the security measures ordered by the interior minister.

On 4 July two impostors, pretending to be investigative police officers, tried to enter the condominium where the education minister lives, in La Reina District. They overpowered the guard on duty at the condominium, saying that they were investigating the theft of a car. This claim was later denied by the Investigative Police.

Lagos reported the incident to Interior Minister Enrique Krauss who ordered police protection for the education minister. [passage omitted]

Pinochet Labels Espionage Charges 'Unimportant'

PY0507180291 Santiago Radio Chilena Network in Spanish 1700 GMT 4 Jul 91

[Report from the Defense Ministry]

[Text] The Army will not investigate the alleged espionage case which—according to a newspaper article—Dine [Army Intelligence Directorate] members are carrying out against government officials because there is no concrete evidence, Army Commander General Augusto Pinochet said today.

Gen. Pinochet characterized the LA EPOCA report about Army espionage against government officials as unimportant. He said the Defense Ministry has requested an inquiry rather than an investigation, as had been reported earlier. He added that investigations are ordered when there is concrete evidence, not when a situation arises because of rumors, such as the ones that have been published. Gen. Pinochet said the Army has nothing to investigate. The Army commander made these statements today after meeting with Defense Minister Patricio Rojas.

Details of Lautaro Youth Movement Attacks Reported

Lautaro Claims Responsibility

PY0807034091 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 8 Jul 91

[Text] Two Carabineros have been wounded by shrapnel from a LAW rocket fired in one of four attacks in the southern part of Santiago. The Lautaro Youth Movement has claimed responsibility for the attacks, which were carried out simultaneously on the night of 6 July. The incidents began with an attack on a police car at the intersection of Esteban Sifuentes and Los Commandos Streets in La Victoria District when Carabineros ran into a group of people who were hanging a Lautaro Youth Movement banner.

At the same time, a group of 10 to 15 people riding in a truck fired automatic weapons at a Carabineros garrison in La Victoria District. Not far from this site, a group of four people riding in a taxi stolen from Granaderia Taxi Stand No. 22 fired weapons near the Investigative Department's 15th Judicial Police Precinct. The four individuals escaped. Then, a police water cannon returning from the national soccer stadium to Special Police Unit headquarters was attacked at the corner of Lo Valle and Maipu Avenues with a LAW rocket and automatic weapons; Carabineros Marcos Garrido Sanchez, and Patricio Troncoso Gonzalez were wounded and were taken to the Police Hospital. The water cannon did not suffer a great deal of damage, because it is a heavily armored vehicle. This event caused a commotion among people in the district at the time of the attack.

[Begin recording] [Unidentified witness] The water cannon was attacked near the church, but the vehicle did not stop. We discovered that some water ran out of the vehicle through bullet holes. [end recording]

The Carabineros reported that Lautaro Youth Movement pamphlets were found at the sites of the attacks. This group also claimed responsibility for the attacks in a message to a news agency. The investigation continues, but no one has been arrested for these events at this time.

Former Security Agents Infiltrate

PY0807190491 Santiago Radio Nacional de Chile Network in Spanish 1100 GMT 8 Jul 91

[Text] Deputy Camilo Escalona, the Socialist Party vice president, has said that the Lautaro Group is being manipulated by former security agents of the military regime.

Escalona pointed out that the attack against a Carabineros van on the evening of 6 July was carried out at a time when the Army Intelligence Directorate, Dine, is being publicly charged with spying on pro-government groups.

He repudiated the attack in the name of his party, adding that he has no doubts that former security agents have infiltrated the Lautaro Group. In his opinion, the attack on the police van sought to conceal the activities of the Dine.

Escalona added that he does not believe that General Pinochet will conduct an internal investigation into the espionage charges.

The Socialist Party vice president pointed out that as long as Gen. Pinochet heads the Army and is responsible for the Army security organizations, the public cannot expect a clear statement on what really happens inside the Dine.

Colombia

CNGSB Reaffirms Resolve, Warns of Violence

PA0807025691 Hamburg DPA in Spanish 1639 GMT 7 Jul 91

[Text] Caracas, 7 Jul (DPA)—The Simon Bolivar National Guerrilla Coordinating Board (CNGSB) today reaffirmed its resolve to agree on an immediate cease-fire with the Colombian Government, but warned that if the Caracas talks are put back clashes with the Army may worsen.

"It is becoming very difficult for us to meet with the government in Caracas on 15 July to negotiate," Army of National Liberation (ELN) Commander Francisco Galan told DPA in an interview.

Galan, who said that the peace talks "are becoming endangered" following the military offensives against Colombian guerrilla fronts, said that the CNGSB does not wish to "abort the peace process."

"We were to have returned to Colombia to report to our commanders what has transpired here, but to return now would mean a serious delay. It would be easier to return

and rejoin the fighting, and this would postpone the negotiations," Galan added.

The CNGSB commission members and the Colombian Government began negotiating a cease-fire agreement in Caracas on 3 June. After nearly a month, and without being able to reach a truce, they ended the first round of talks, with the commitment to continue negotiating in Caracas on 15 July.

Despite the fact that Presidential Peace Commissioner Jesus Bejarano and his advisers guaranteed the guerrillas' transportation back to their command posts in Colombia, the CNGSB is still in Caracas following increased military offensives against their fronts.

Despite his fears over an indefinite peace talk postponement, Galan insisted that "there is much resolve to continue this peace process," but warned that the government must "agree that it is not negotiating with a defeated army."

"The country is demanding peace and a continuation of the negotiations," Galan said, who warned that if the dialogue is postponed "confrontation will flare up."

According to the rebel leader the CNGSB should have returned to Colombia on 5 July. However, they are still in Caracas because "the government has not given enough guarantees for our return."

"Military operations have increased, especially in the areas to which we were to return," Galan reported.

According to the CNGSB, the government's tactic has been to maintain military offensives to defeat armed groups and afterward negotiate by surrender, as occurred with the 19 April Movement and other guerrilla groups.

"The peace scheme does not work unless the government renounces the military option," said Commander Pablo Catatumbo of the Revolutionary Armed Forces of Colombia (FARC), the largest group within the CNGSB.

"We are going to again propose that both sides end hostilities for a limited period of time," Galan said in the interview. "We continue to believe that the idea is not only to silence the rifles, but to create conditions for another type of life for the Colombian people."

During the Caracas talks the Colombian Government and guerrilla commissioners agreed on a preliminary agenda for a peace process to end more than 30 years of armed conflict in Colombia.

The agenda includes, among other things, an agreement to a cease-fire and an end to other hostilities, international supervision of the peace process, demilitarization of Colombia, and dismantling of the "death squads."

According to the CNGSB, the government and the Army do not agree on the cease-fire and the end to other hostilities, the first point discussed and one of the main obstacles during the negotiations.

The rebels say that the government had accepted the CNGSB's formula for a bilateral cease-fire; however, they also report that the Army's commanding general said in Bogota that "the rebels are the ones who must cease fire because the military forces cannot stop carrying out their duty."

"There will be no peace in Colombia if the government does not renounce the military option," Catatumbo said.

Regarding the new Colombian Constitution, drafted by the National Constituent Assembly since February and promulgated on 4 July by President Cesar Gaviria, Galan said: "It has positive aspects. It provides broader opportunities for politics, but if the Armed Forces do not democratize, peace will not come to Colombia."

According to the CNGSB, Colombia's problem is not the laws, but the way in which they are applied. Galan said: "The Constituent Assembly (that concluded its discussions on 5 July) did not resolve the root problem. A commitment toward peace is missing; there was no real social pact."

"We shall brandish the flag of democracy, and we will present new alternatives for a new political life in Colombia," the rebel leader added.

FMLN Command Delegation Meets With President

PA0907043991 Madrid EFE in Spanish 0050 GMT 9 Jul 91

[Text] Santa Fe de Bogota, 8 Jul (EFE)—The Colombian Foreign Relations Ministry has reported that Salvadoran "Farabundo Marti National Liberation Front" (FMLN) guerrilla representatives met today with Colombian President Cesar Gaviria.

Gaviria received the guerrilla leaders at the Narino Palace "to exchange ideas on the armed conflict in El Salvador," the Foreign Ministry's press office added.

FMLN General Command members Jorge Shafik Handal, Joaquin Villalobos, Carlos Calles, and Ana Guadalupe Martinez also met with Deputy Foreign Relations Minister Rodrigo Pardo, Presidential Security Adviser Rafael Pardo, Foreign Policy Director Fernando Navas, and Adviser Maria Francisca Arias, among other high-ranking officials.

Handal said that "the goal of our organization is to secure the solidarity of the international community in the negotiating process now taking place in El Salvador."

Handal explained that a cease-fire has not been reached in El Salvador "because the warring factions have not agreed on the topic dealing with the purging of the military and social and economic reforms."

Escobar 'Willing To Remain in Jail for Life'

PA0807125391 Bogota EL TIEMPO in Spanish 5 Jul 91 p 14-A

[Text] Medellin—Pablo Escobar Gaviria has said that he was never a partner of Gonzalo Rodriguez Gacha in the war that the latter sustained with the guerrillas. He added that he has had nothing to do with communiques issued by "the Extraditables," which he described as a clandestine organization.

"I am responsible only for documents that carry my signature and finger print. Of course, I am an extraditable, because my extradition was requested; however, my struggle against extradition has always been legal and political."

Escobar said that if there is a problem between Colombia and the United States because of a mild sentence against him, he "would be willing to remain in jail for life to prevent the United States from attacking Colombia."

He said that the negative reactions in the United States over his surrender are very strange, since drug traffickers are not punished in that country.

"Barry Seal, the biggest U.S. drug trafficker, introduced dozens of tons of cocaine into that country, yet he has not spent a single day in jail because he testified against me and against the Nicaraguan Government."

In a four-page document accompanied by his signature and finger print, Escobar answered a questionnaire that the daily newspaper EL COLOMBIANO sent him at the Envigado Jail.

"I hope to have a public trial and I hope that all those who have accused me will appear in court. I know that the trial will be long and complicated. I will file charges as necessary, because I want to have a fair trial," Escobar said.

Concerning an allegation that he heads the Medellin Cartel, Escobar said that the media invented that organization.

Escobar did not give any details on his deposition to the Colombian authorities, saying that such information could not be disclosed. However, he noted that he is still under interrogation.

With regard to his conflict with Henry Perez, he said: "I will leave my enemies to their enemies. Henry Perez is an enemy of the guerrillas...."

Coinciding with what the Extraditables have said in recent communiques, Escobar reported an alleged alliance between top officials and the Cali Cartel. He stressed that the persecution of Henry Perez stopped in exchange for information on his (Escobar's) movements.

With regard to his surrender, Escobar said that the only condition he demanded from the government were guarantees for his life. "I know what happened to Pizarro. He was killed by his own guards," Escobar said.

EL TIEMPO has learned that on 4 July the 20 guards assigned by the National Directorate of Prisons for the internal surveillance of the jail were unexpectedly replaced.

In addition, it was learned that an unspecified number of soldiers from the Army's 4th Brigade were also replaced by members of that same garrison's Motorized Corps.

Luis Eduardo Salguero Zarabanda, director of the Bella Vista National Jail said that it was a normal relief procedure in accordance with security measures adopted by the National Directorate of Prisons and the National Army.

Concerning reports published by the U.S. media and statements by local authorities that he will continue to direct drug trafficking operations from jail, Escobar denied those charges, adding that he plans to study journalism.

Peru

State of Emergency Extended in 5 Ica Provinces

PA0507233391 Paris AFP in Spanish 2017 GMT 5 Jul 91

[Excerpt] Lima, 5 Jul (AFP)—Military sources reported today that Army Colonel Augusto Salaverry Pereyra, the political-military chief of the Huanuco emergency zone, and his aide Major Daniel Delgado, have been missing since 1 July, when a military helicopter crashed in that region of Peru.

It was initially reported that one noncommissioned officer and one soldier survived the accident, but nothing was said about the missing officers. The helicopter, a Soviet-made MI-17, crashed near Llata hamlet in Huanuquena de Huamalies Province, 40 km northeast of Lima, while carrying out antisubversive operations.

The latest report received from the region states that Col. Salaverry and Maj. Delgado were in the helicopter that crashed with four other military men inside, including the pilot. The helicopter was located by a military patrol from the Monzon headquarters and four of its passengers, wounded but alive, were found near the helicopter. According to the report, none of the survivors knew the whereabouts of the two missing officers. They said that they had been unconscious for several hours prior to their rescue.

So far, the military high command has not rendered any official information regarding the missing officers.

Meanwhile, the Peruvian Government has announced that it is extending the state of emergency in five of the provinces in Ica Department, 300 km south of Lima—

Ica, Chincha, Nazca, Pisco, and Palpa—for 60 days starting today, to counteract "subversion." [passage omitted]

Economy Minister Bolona on Reforms, Readjustment

PY0607161291 Lima EL COMERCIO in Spanish 30 Jun 91 p A 4

["Summary" of interview with Economy and Finance Minister Carlos Bolona by Alfonso Baella Tuesta in Lima; date not given]

[Text] [Baella] Are the bridges between the economy minister and Congress broken?

[Bolona] Not at all. I do not have any problems with the legislative branch. The problem is with the Congressional Economy Committee which approved a tax on salaries. Later, through the media, it denied having approved the tax and ended rejecting it. The incident surprised me and astonished the country. Workers realized that the committee was playing with their pockets. A committee cannot approve a resolution and then refuse to sign it.

[Baella] But you returned to the committee.

[Bolona] That is right. Despite all, I turned the page and returned to continue the debate.

[Baella] How many government bills did the committee reject?

[Bolona] The bill on the IGV [general sales tax] was not rejected but the committee did not approve its essential parts. It did not make much sense to approve a toothless and formless bill.

I was able to convince them to approve the closing down of shops in cases of tax evasion. The committee almost did not approve the measure because its members thought the measure was too tough. They gave the impression that they were defending tax evaders.

[Baella] But it was approved in the end.

[Bolona] Yes, the committee also approved the law on property ownership and the tax on company shares.

[Baella] Was the tax on company shares an executive branch initiative?

[Bolona] Yes, the executive branch proposed to tax shares in the hands of individuals; the legislative added the tax on shares owned by companies. This will generate a "tax snowball effect" [cascada tributaria] which is not very appropriate because many companies own shares of other companies. The bill will tax investments when we need to encourage them.

[Baella] Law 25289 creates a special commission made up of the Economy Committees of the two chambers of Congress and executive branch officials appointed by the Economy Ministry to create mechanisms to improve the tax system. Are you going to name those officials?

[Bolona] I will have to talk frankly about the matter with some legislators. If the issue is to work on a serious tax reform project, it will be all right; we will meet. But if the job involves negotiating article by article, approving measures and then rejecting them again the next day, it will not be worth it. The result would not be serious. It would not be worth wasting legislative and executive time.

[Baella] The two economy committees are made up of members of different parties. If the dialogue is restablished, you will be talking with committee members again. Would you prefer to discuss the matter with party leaders instead?

[Bolona] I have met for over a month with the Congressional Economy Committee with the results that we all know. If possibilities for a fruitful dialogue were improved at a different level, I would be willing to talk at a different level.

[Baella] Are the bridges for a dialogue with all political parties open?

[Bolona] The Constitution establishes the bridges; we will cross them with the firm determination to solve problems without excessively wearing the administration down and without wasting time.

[Baella] The first step will be to name the executive branch officials who will work with the congressional committees, right?

[Bolona] I am not sure if this committee will be the best path. Perhaps we have to seek other ways...perhaps a meeting with representatives of political parties to approve basic guidelines for tax reform. We must find a more efficient way to work.

[Baella] It would be a matter of drafting something like a preliminary study containing basic guidelines for tax reform. Does the executive branch already have those guidelines prepared?

[Bolona] Yes, they are ready.

[Baella] Do you think that the tax reform will be approved in 90 days; that is, before the deadline set by Law 25289?

[Bolona] It is possible; we have the drafts ready. It will be possible to approve them if committee members show willingness to tackle the problems.

[Baella] Will future budgets be easier to handle without the current problems if the reform is approved?

[Bolona] Yes, they will be easier to handle. But we have to start with a basic principle: We cannot spend more than what we collect. The 1992 budget will be very austere; we will spend more only if there is enough money.

[Baella] Will good tax reform provide more revenue?

[Bolona] Definitely yes.

[Baella] But the responsibility for handling the budget is shared by Congress and government, right?

[Bolona] The executive branch presents proposals and Congress approves them. The two branches share the responsibility.

[Baella] Are you not against Congress?

[Bolona] Not at all. We must work together. We cannot afford the luxury of spending time and energy trying to take advantage of each other. We have to implement measures, no matter how harsh, to pull the country out of the crisis, to resolve its problems, and to ensure a future of well-being.

[Baella] Does the government have enough money to give striking workers a salary increase after Congress approves the law on supplementary credit?

[Bolona] We are looking for resources to meet the requirements. We must pay salaries and other expenses such as the July bonus to public workers. We have to invest in areas that should not be paralyzed. It is not a matter of alleviating the pain where the shoe pinches the most. We have to solve the overall problem.

[Baella] Do you think the strikes will end soon?

[Bolona] Strike leaders must believe that it is not that the government does not want to increase their salaries, but that the government cannot because it does not have the money. Do you think I would delay a salary increase for poorly paid workers if we had the money to satisfy their demands?

[Baella] Are their demands fair?

[Bolona] The entire public administration is poorly paid because the Peruvian state is poor. The treasury is empty. We cannot pay with inflation because the damage to the country and workers would be worse.

[Baella] What is your advice to striking workers?

[Bolona] I would ask them to understand that no matter how loud their protests, the state cannot satisfy their demands. They must be realists before we can reach a solution.

[Baella] Will an indiscriminate salary increase bring down the process of recovery?

[Bolona] Not if increases are granted according to what is fiscally possible. But I reiterate: We do not have money for large salary increases. We have to be patient and trust that adjustments will be implemented as revenues increase.

[Baella] Do the Armed Forces and police also expect salary increases?

[Bolona] We granted them a significant increase in March. It does not mean that their salaries are good, but they have improved.

[Baella] What are the consequences of the drop in customs duties?

[Bolona] The results are clear. We used to collect $2 million per day. Customs offices now collect double that. Some days they even collect as much as $8 million in duties. It is working...

[Baella] How much do we have in international reserves?

[Bolona] We have a significant amount, from $600 to $700 million... The prices of many products have been reduced. Last year's long lines have disappeared. Savings have returned to Peru from abroad. There are positive signs of recovery.

[Baella] Are there any maneuvers against this program?

[Bolona] In the last few days, efforts have been made to associate the problems of the strikes with the economy committee's refusal to approve the tax proposals. The rumors were aimed at creating mistrust about an alleged "bank holiday." But the public did not believe the rumors. Foreign currency levels remain stable, and the level of savings has not decreased.

[Baella] Is there any improvement in mining?

[Bolona] Yes, the exchange rate has been adjusted to more realistic levels, and this has reactivated mining activity. Mining which had collapsed is beginning to see the light for its immediate future.

[Baella] What about privatizations?

[Bolona] This is a very important point. The first thing I have to say is that we are going fast. Fortunately, there is an awareness among the people about the need for privatization. The first companies to be privatized are the People's Bank, Aeroperu [Peruvian State Airlines], the state telecommunications companies, and the Lima Cement Company.

[Baella] Inflation has reached 10 percent...

[Bolona] The struggle against inflation has its ups and downs. A fat person knows that he cannot lose weight in a single stage. It goes up and down. Inflation is like that. June was a month of tax readjustments. Half of the income from the fuel price increase went to Petroperu [State Petroleum Agency] and the other half to the national treasury. This will allow us to make some payments.

[Baella] How are the preparations for the 1992 budget?

[Bolona] The time is just right for us. The macroeconomic assumptions which are the basis for preparing the budget are very real. We are not going to submit a project which is not appropriately financed.

[Baella] Will fresh money come from abroad?

[Bolona] The arrival of money to ease the payment of the foreign debt may be delayed a few months.

[Baella] A few months. Will that aid come before the end of this year?

[Bolona] Yes.

[Baella] Why is it taking so long to establish the support group?

[Bolona] It was up to the EEC. We were not aggressive enough. The EEC felt left out...

[Baella] Forgotten perhaps?

[Bolona] Yes, forgotten... We have to be more active. There is currently a competitive situation—for example, the president of Russia who personally goes around lobbying... We are competing with such rivals.

[Baella] Will you travel to Europe soon?

[Bolona] Yes, I have to travel.

[Baella] Will you have more strength if you travel with a multiparty congressional delegation?

[Bolona] I am not so sure...

[Baella] Maybe a delegation to show the Europeans that political unity prevails in Peru... You could also include businessmen in that delegation...

[Bolonaa] It would be positive if there was unity... We would have to do it in one week... We would have to deal with the European countries willing to support us and get that support immediately...

[Baella] What problems will you solve with the approved suplementary credit?

[Bolona] This credit solves salary problems. It authorizes us to spend additional income. This government respects the constitutional principle: The law is first, and expenditures come next. It is not the other way around as on other occasions.

[Baella] Does the government respect another principle: not to print money...

[Bolona] We will never resort to printing money.

[Baella] What can you tell us about paying our debt to the creditors?

[Bolona] The government will never be a "deadbeat"... We will pay our debt.

[Baella] Also to the Peruvian creditors?

[Bolona] We will pay the Peruvian creditors. If necessary we will talk but we will come to an agreement on payment terms...

[Baella] Will the private deposits in foreign currency be touched?

[Bolona] Never... We returned to savers the money that was frozen... We will maintain this principle at any cost...

[Baella] How much are the funds of the Peruvians who returned to Peru from abroad?

[Bolona] Between $450 million and $1 billion.

[Baella] How much money do you believe left Peru?

[Bolona] It is estimated that $5 billion left Peru due to lack of confidence in the country... It is easy to reach that figure....

[Baella] From the small savers?

[Bolona] From all kinds of savers. Small savings left the country, and the capital of medium and small companies also left the country...

[Baella] Have tax revenues increased?

[Bolona] They grew from 4 percent to 7.5 to 8 percent of the GNP. To double tax revenues in less than a year is a challenge. You should bear in mind that what was destroyed has to be rebuilt. Exonerations should be eliminated and corruption eradicated. No one can make miracles in the tax sector. Results are based on a set of measures and policies...

[Baella] Has waste been reduced?

[Bolona] Yes, the gigantic number of public servants has been reduced. The latest Law on Supplemental Credit is a very austere law that has frozen all types of spending... It eliminated the income of several institutions. It is a very harsh law... Even unjustified investments will be discontinued.

[Bolona] I am convinced that regionalization is the most far-reaching structural reform that we have to implement. It is a constitutional mandate. Yet the government has told the regional assemblies to avoid expecting the meager amount of cash to supply all their income. I have said this very frankly.

[Baella] But are they receiving any money?

[Bolona] They are receiving some. A major amount was owed to them but it was impossible to pay. Additional funds will be provided to them only in August.

[Baella] Will universities be allocated any funds?

[Bolona] Their allocations have been budgeted, but they will have to tighten their belts. They have to generate their own income, and they should reduce their expenses as much as possible. They should make a great effort.

[Baella] The day before yesterday, a Mr. Olivares visited President Fujimori on behalf of U.S. investors. It has been said that he offered to invest $5 billion in Peru.

This information was reported by EL PERUANO today. What do you think of this offer...?

[Bolona] Several groups have offered considerable amounts. There is an Australian group that made an deal in Chile. But, as happens with all investments, one must be prudent and careful. Investments must be studied. Some investors promise the earth, while others do nothing but make promises.

[Baella] But what do you know about Maryland's Armsco [expansion unknown] Group?

[Bolona] We are making the appropriate studies. It has not been ruled out, but we should not rush either...

(According to the 29 June issue of EL PERUANO, Rodolfo Antonio Olivares is the National Solidarity Movement candidate for the first vice presidency of the Republic in the elections scheduled for 1993 in El Salvador. The movement is led by Edgardo Rodriguez.)

[Baella] Are foreigners interested in investing in Peru?

[Bolona] Peru's image is improving, so we can promote foreign investment here in Peru.

The resolution of the problems with Southern, Oxy, and Belco companies will mean new investments of hundreds of millions of dollars. Investment can be promoted right here, but we wasted time because we did not take the bull by the horns.

[Baella] What should be done in connection with Southern...?

[Bolona] Both sides have the specific will to find a solution in the short term.

[Baella] And what about Camisea gas...?

[Bolona] Talks should be held with Shell... Some time has been wasted, but we have to take the initiative again.